

Episode #48 - James Kemp on Staying Out of Spam and Sending 1 Million Emails Per Day

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John: It's John McIntyre here, The Autoresponder Guy. I'm here with James Kemp. James is a subscriber on the McMethod daily email list and he got in touch with me after I send out an email saying I was looking for people who send a large volume of emails. James sends 35 million emails a month, which is over a million a day. So there are some very specific issues that he's going through that people who were sending less emails aren't. I think he's got some really interesting takeaways that we'll get into in just a minute. I'll let James explain all of that. James, how are you doing today?

James: I'm great. How are you doing?

John: Fantastic mate. All right, before we get into the specific issues, tell people a bit about what you do, what you're working on, and why are you sending so many emails?

James: Yes, so GrabOne started as a daily deal site in New Zealand about three years ago. So number one daily deal site off the back of the success of big companies like Groupon, GrabOne carved out its own little local nation in the New Zealand market. We've got just over a million daily subscribers, and then we send about a million emails a day. That covers everything from travel and product all the way through to local experience and stuff. Our partners, we've got over 15,000 businesses we work for, and we market anything from a pedicure all the way through to a cruise in Alaska. It's a business that started as daily deals, but increasingly we're an ecommerce store first for anything and everything you want to see ...

John: Are you there?

James: Yeah.

John: Oh sorry. Just cut out for a second. All right, so let's talk about that real quick. Just email specifically, you said a minute ago before I hit record that email is the engine that drives the whole thing. Can you explain a bit about that?

James: Yeah, definitely. We're throwing out about 150 offers a day, and when you've build a brand and something that's as iconic as us in the New Zealand market with 80% of the market share, people are waiting, looking up, and seeing what there is to do, whether it's a restaurant offer, or a beauty offer, or a holiday. We're very much connecting people and inspiring them to do something locally. Email is for us the quickest way to get that message out there and also the most economic. It's broadly two thirds of our business, sending an email out, putting something in front of someone that's relevant. And relevance is what city do I live in, and what's around me, and what's

local. And it's the cheapest, fastest, and easiest channel to do that.

John: I think what's interesting here is that GrabOne, we're talking like a massive company on a massive scale here. Some people might think that email marketing is for Internet marketers and small time people. But there's companies like yours there's ... I read recently about company called Daily Candy and they sold basically a glorified email newsletter for different cities in the States with deals ... I don't think it was deals. I think it was more like restaurants and cool stuff to check out, fashion, that sort of thing, and that sold for \$125 million. It's basically like an email newsletter with content wrote into it as well, which is I just found incredible. And now I'm just seeing these companies pop up all over the place.

I think that's the first very interesting thing. The second is you guys are doing daily email. Everyone is saying literally daily was way too aggressive, whereas you said the complete opposite.

James: Aggressive, I mean, we make 30 offers in every email we make. Yeah, if you want to sell something, you've got to make an offer, don't you?

John: Right.

James: So we're putting it out there and we're making sure we're sending the right email to the right people. We've got algorithms which say what's your propensity to buy in certain categories based on behavior that you've exhibited before. We're also showing people what other people are buying, have been introducing their social proof elements, how many have we sold, what's selling faster in your city. But, email, you can't really beat it in terms of getting something in front of people.

Coupons have been around for a long time, and I think the daily deals model and also ecommerce as a whole meet that apex at the time and said, okay, coupons work, people like a bit of a discount in a deal and value, and now we've got a method to put it in front of them frequently, and easily, and cheaply, and they can access it anywhere, especially with mobile and those kinds of things just accelerating. You can get it anyway, you can consume it, you can purchase it. It's the method.

John: I'm curious, how does this compare to social media for a daily deal site like yours?

James: In terms of revenue social media is about 1% of what we do, which is when you're a \$100 million plus company it's a big number but it's still 1%.

John: And then email you said was 80%?

James: Yeah, we're about two thirds in attribution or direct attribution so it's how we get out there. It's the engine. If email goes wrong, which it occasionally does when you're sending the volume that we're are, you really notice it.

John: Interesting. I think that's a cool thing to bring out, is [inaudible 05:31] about social media these days, and another one is content marketing. I think the

proof is in the pudding right here. It's email all the way.

James: Yeah, yeah, we introduced content into email when it's appropriate, but nothing can beat making an offer to someone, so if you're sending email, make an offer.

John: Let's get into some of the ... There are going to be some major challenges that a guy like you is going through compared to say a guy with 100 people in his list. So let's talk about some of that stuff. What challenges are you facing on a daily basis when you're sending that kind of volume?

James: I think when you're a big volume and when people frequently fatigue is a big factor, so for us it's been giving our people or consuming our emails options about how and when they consume them. So for example, by default we send people 2 emails a day based on where they are, but the minimum that you get when you originally sign up is 2 emails a day. So the content is different in both of them.

About 12 months ago we introduced a project to give people an option to receive one email a day. And that was a logical step to churn mitigation, to ... people, the last mail is always on subscribing, and that's been really successful in giving a personalized solution to these people to personalize both in the way they consume it but also in the content of it, because it's personalized for the individual, which is an algorithm that we've built in house.

I think one of the also the biggest challenges is when you're sending over a million emails a day is stepping outside of the boundaries of the people that control who sees the email, so our friends at Google and our friends at Yahoo and etc., when you're sending that volume of email, if you send more they don't get it because they, say, "Well you're already sending a million. Do you really need to send them that many more?" So you have to operate in a fairly narrow channel of when your volume and scale you need to make sure you're sending ... you're keeping consistent with that.

I think also in terms of personalization, that's the massive thing as I mentioned in terms of how many emails people are getting every day, but also in terms of the content. The more you can get the user to put their hand upon or what kind of content they're going to see, the more credibility you've got in their inbox. So I think when you're looking at such a big number, a million is, you forget that there's an individual user on the end, so focusing on making sure that the big numbers get there, but making sure they're relevant to an individual user is a constant challenge. Because even if you segment them down to groups, your top 10 % of purchases are still a big group. So you've got to keep focusing on the individual.

John: I think that's really cool, that relevance in any level, relevance when you're small, when you're big, that seems to be the biggest thing. What you're trying to do is just work out rather than doing it manually, which is what someone in the smaller situation might do, you have to create these algorithms, it's like

Google's algorithms, that figures out what to send to who.

James: Yeah. And for a small business they create the relevancy because they know they have the better relationship with the audience. They can afford to build a closer bond with those people because it's a smaller number of them. For us, that job is done by math, but for a small business I think it's the classic know your audience and know you're sending too and respond to their wants in the way that they want to be communicated via email.

John: And then you're sending 2 emails a day. You find that that works for most people?

James: Yeah, definitely. It's the context of how people receive things nowadays. For us, we've created a habit of people checking an email between 6:30 and 8:00 in the morning on the commute, increasing those people to checking it via their mobile phone. And then potentially following up with some of that content to reinforce the things you really want them to see. But also varying some other content within the second email around that light morning period when they're starting to think about lunch time or there's time to wind down and they got a bit more personal time at work.

We're very cyclic so our Monday to Friday is the beast that feeds us, when people are at work and commuting and they've got to access to these devices and they want to switch off of whatever they're doing when they're in the office. Those mobile devices have made it easier for people to check these kind of things. Making sure that messaging is consistent between the 2 daily emails and getting them back to the site where that purchasing is spiking around early morning and then you get, you see another spike around lunchtime, and then increasing in the evening with mobile and tablet devices. A lot of people are sitting in front of the TV and having a bit of a browse or rechecking the email they saw earlier in the morning and flicking between the content of the two and then purchasing between 6:30 and 8:30 PM.

So if you're an ecommerce business you've got to try to think about that immediate conversion of those devices and when they are likely to be looking at it, and on what device, and when are they going to have the time to make that purchasing decision, and who's involved in it. High value stuff tends to sell in the evenings with the more impulse stuff tending to sell quickly in the morning, because it's a snap decision which is easier to make on a mobile, or a tablet, or a desktop.

John: But if you're buying a holiday to Bali or something you're going to have to think about it at least for a day.

James: Yeah, yeah. You know what else folks, we're not the only decision makers as well in that. You usually got to ask for permission, don't you?

John: Absolutely. One thing I found interesting there is you're timing emails based on when you think people are going to be checking them, which they're on the train to work, there are many ... If you knew when everyone was on the

toilet, which unfortunately that's that probably at random during the day, but that would be another great time I imagine.

James: Yeah. I haven't gone that much in depth into our purchasing behavior, but we've found some really interesting stuff. Adult products funnily enough have a higher open rate on mobile, and it's pretty obvious why, you want a bit of privacy. So you've got to think about what your product are and what is the likely behavior you're going to initiate with people and when and where and how are they going to access it.

So if your product has something a bit sensitive then mobile is probably going to be it. But if it's something such as a holiday or a high value transaction, you're going to want to know what other decisions makers who are involved in that and what information do you need to get that conversion down the funnel, what information do you need in your email, and what information do you need on your site to sell something.

John: Now I want to step back to deliverability for a second. When you're at that level, deliverability is a huge issue of whether you can get that email into the inbox. I suppose what are some of the most surprising things you've learned about how to get good deliverability?

James: Pay someone to do it. We spend a lot of money on email. The ROI we get on is about 78 times of what we spend on it. When it is 78 times. But when your volume you're walking the tight rope of subject lines, make sure you're not including stuff that might get you on a black list or spammed both from an algorithm point of view and from the email providers such as pharmacy or some of the drug products and things like that. Make sure that you can probably change it up as well. So consistency in terms of the time and the messaging and the branding.

John, you take your emails with who they're from at the beginning in little brackets, and that creates that recognition that it's from a trusted source. But after a while fatigue may sit in. You change your subject lines, you can put icons on them, you can put little things in there that make sure that people are opening them and not necessarily spamming them. Because if people start to spam your email you may think it's getting there, but it may not be. Make sure you're consistent, but you're changing it up to keep the audience interested.

John: So some of the tech stuff because I said to you earlier that before we recorded that someone had asked me about SPF records and all the tech stuff, which I have no idea about, but there's a lot of tech stuff that goes into when you send an email such as I think it's in the headers, the IP address, the SPF stuff. You're saying instead of worrying about all that stuff just pay someone whether it's half million dollars or a million dollars a year like whatever you have to pay them, pay them to do it and then you can just focus on doing the simple stuff.

James: Yeah, I think that applies at any level. I think you focus on your audience and the message you want to serve them and you get other people to make sure it gets there. Email is a channel. Facebook is a channel. We pay Facebook to make sure people see our messages, but we focus on the message, and to us email is no different. You focus on the message in the audience and make sure someone else gets it there.

John: The interesting thing about deliverability I find is that mostly it just amounts to sending stuff to people who actually want to read, like there's always hacks and you can pay these companies and use these little things putting icons in the subject line, but in the end of the day you have to be sending stuff to people who want to read or your deliverability is just going to go down.

James: Yeah. And it's all about engagement, open rate and things like that are really vanity metrics. You can pat yourself on the back about a high open rate, but if no one clicked on the contents of it, then all you had was a clever subject line and you hit someone at the right the time. Yeah, you've got to make it the right stuff. But it's all about the user, or the customer, or the prospect, and how they want to interact with it.

We've done stuff on the fly as well. Think about the context of what people are consuming your product. It was raining in Oakland, which it often does one day, and we've got the ability to pull together a page that says a load of products from the site pertains to a rainy day, your raincoats and your umbrellas and things like that. And then we send them an email saying, "You know it's raining outside," because it was. Your open rates are high and subsequently your engagement is high because you sent a relevant email in the context of what's happening right outside the window. So you're making that little bit of extra effort to connect with those people based on the context of where they are.

Not everyone's got the ability to do that, but if you know their location of where users are and you maybe know something is happening in the general area or there's a major event around it use it because you're giving people context for what they're doing and they're more likely to open your email than the other 10 that are sitting in their inbox at the same time.

John: The rest of them, they're not relevant, they're not as relevant as saying it's raining right now.

James: No, you're reading their mind, don't you?

John: Yeah.

James: Well, well.

John: How does he know that?

James: I know it's raining. Yeah, it's just that other layer that other people don't have that you can add onto the context and you're going to be the one who cuts through the inbox.

John: What about mobile email design? Are you sending ... and then related to this is HTML versus text email, what are you finding ... because you have the data to back this up, what's working for you in terms of email design, template design and then also when you send emails to mobile phones?

James: Yes, so mobile is very much be careful what you change if you're already sending something, but also focus on the imagery. With mobile for our site the mobile traffic on the site mobile users on average visit twice as many pages as desktop users. Hypothesis or anecdotally say you know well the scroll is the factor and it's a lot easier to click and browse with your thumb. But with mobile email the visuals on a small screen size are far more important. And if you're not sending responsive emails or things that people can consume easily on the 50 plus devices that are probably most commonly used in your marketplace, then you're doing your user a disservice.

The other thing that we found is while in a lot of developed markets Android and iPhone are very similar in terms of the number of devices out there, iOS and Apple is where a lot of people are purchasing. So if you really have to focus on one thing, all our evidence is that across a few different verticals and businesses focus on the Apple user because they're the ones who are going to pay the bills.

John: That's probably a good assumption.

James: Right, if you spend 1000 bucks on a phone then you've got something, don't you?

John: Right. If you go get a cheap Android phone well you're probably not going to spend that much money on stuff.

James: Yeah, and Apple also gives you a pretty consistent platform whereas Android when you start to develop or if you're trying to be cute and focus on certain devices it's still pretty fragmented. If you have to focus on one thing with mobile make sure it's responsive and make sure the Apple users are well looked after.

John: Another thing too which is probably worth pointing out is congruence from the start to the end of the process. So from the subject line whatever it says has to relate to the content of the email. And whatever the content of the email says has to relate to the content of the page that you're linking to. Some emails, I've seen sites do this, they write all about something very specific in the email and then they link it to the homepage and leave you to figure out where the hell to go to find whatever they were talking about in the email. By that point you just close the tab and you're off.

James: Yeah, definitely. I think we're pretty lucky on ecommerce sites you've got a pretty short funnel from the email into the page, whereas a few other sites with probably more complex sells you've got to keep that consistency all the way through. But consistency of your inventory you copy your text, your pricing, all those things that are essential to capture that user, because

they're making those decisions under a kind of 30 seconds window to whether they're going to buy it not. And you're not going to convert everyone. The go to ecommerce is 5%, so if you're getting that 5 out of 100 then you're doing well, but you've got to have that consistency in every element all the way through the button color and all those kind of things. But people know, people need a clear cool direction on all those points from subject line through email onto a site when they're buying and putting their credit card or whatever other details in there. But consistency in all those elements is crucial.

John: I'm curious, we're just coming up to time soon, but someone is listening to this, now some of these issues like deliverability and going and paying somebody to do that for them, I guess that's essentially what's happening when you go and use Aweber or MailChimp, one of those companies, you actually assign your deliverability to them?

James: Yeah.

John: One thing I've seen some people do is they bring that in-house, they go and get a private server with HostGator or something like that and then drop on SendGrid or private email software. Do you recommend doing that or you've said before that that's ... You didn't really like that idea.

James: No.

John: No. Why not?

James: That's a terrible idea. The tools out there are so cheap and accessible. Mailchimp is basically free. They make it pretty easy to set up something to make sure it gets there and also tell you what happens. And telling you what happens whether it was effective is the crucial ... and I commend anyone who sends emails to existing database or tries to build a new one, but you've got to know what happens in what they're effective, and even if you don't test anything and got to encourage people to test stuff at every level, but even if you don't test anything, paying someone to make sure they get there tells you what happen when they get there is effort's free. You got to make sure that someone else does it.

John: So it's like first focus on the engagement, focus on creating content that's relevant in building that message and all those things. Once that's done, once you've nailed that, and then you're ready to scale. That's when you start worrying about deliverability and looking into other solutions.

James: Yeah, definitely. Once you're at that scale you know about it, you are worrying about those small hinges that swing the big doors in, and when you are at scale improving your open rates slightly might improve your engagement, slightly might improve your click through, slightly might improve your conversions slightly, but if slightly is 1% for us that's \$100,000 a day so all those things become apparent when you reach scale. But if you're starting, sending the right email to the right person and most importantly making an

offer is where you got to start.

John: This even applies to not just even people getting started, just people with smaller lists. You might have like a small business or a medium size business with a high customer value. It could be an architect or a property developer or something like that where the list is small but the people on the list spend huge amounts of money. So because you've got such a small list that 1% boost in open rate it's not worth worrying about right now. The more important point is you're getting that message on target and making that offer.

James: Yeah, definitely. Or you've got to be making offers consistently, but you got to be deriving value. In our business offering value to the people who are in our list is sourcing. And it's obviously curating those things, because there's a lot of them out there. They're getting ahead with a lot of offers and all these different restaurants and stuff like that every day. They trust us to curate the best.

So if you take that position of offering value to your audience by curation or giving them something they can't get anywhere else, that doesn't need to be offers. That could be expertise. That could be insights. That could be the people behind the curtain. And if you're in professional services, that might be tax advice, that might be legal advice that they couldn't get anywhere else. But if our needs are a bit more and if you can fairly solve the problem make the offer.

John: Cool. Well, we're right on time right now. Before you go I just thought it would be cool to find out just one more question which is what's the most or maybe the most or the top 3 most counterintuitive things you've learned in working on sending that many emails a day?

James: Whoa, you put me on the spot, counterintuitive ... Shit, John.

John: Let's just go on. What's the number one, just the most counterintuitive, the thing like where you'd never believe this about email?

James: Honestly I can't think of anything.

John: Nothing? Daily email maybe.

James: Nothing, I've got nothing.

John: Maybe it's the daily email, make regular offers because a lot of people when they hear that for the first time it's just there's no way that works.

James: Yeah, I guess the most counterintuitive thing is sending a lot of emails, actually works for many people say you got to communicate and frequently and offer a lot of value and not necessarily sell anything. We send a lot of emails and we sell a lot of stuff and we make a lot of offers. So I guess to a lot of people that's pretty counterintuitive.

John: Absolutely. And if anyone is listening to this I am as you should think about what sort of business could they start like a massive business, not like a

small niche site on something but a big business that could be built off the back of email like Daily Candy like GrabOne like any of these daily deals companies? Because I think there's going to be more and more of this and there's plenty of money up for grabs.

Now you do, you mentioned before you do consulting. I don't know if you want to talk about that now but before we go I always give my guest the chance to tell people where they can learn more and get in contact if they'd like to talk to you. Is there somewhere where the listener can go to learn more about you?

James: Yeah, I'm a corporate guy and LinkedIn is to look for me. I have a small number of clients at the end of the month I've got space for one more. If you look for James Kemp on LinkedIn I'm there. I specialize in building automotive marketing systems for small businesses and using the expertise that we've built and the everyday testing of a big business like GrabOne. So if you're looking for someone to do that then reach out and maybe we can work together.

John: Cool, okay. So I'll grab your link from LinkedIn and put that at themcmethod.com for the podcast. People can go there and just click over and it'll make things easy. So thanks for coming on the show James.

James: Cheers John.