

June 30, 2004

# The Best Email Marketing Service Providers

by Elana Anderson and Jim Nail

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with Chris Charron and Sheila Baxter

### EXECUTIVE SUMMARY

Spam filters, consolidation, and falling prices have roiled the email marketing services industry in the past two years. As email marketing continues to mature, marketers will seek tighter integration with existing databases, campaign management technologies, and cross-channel strategies, spelling the end of email as a standalone marketing channel. Bigfoot Interactive and DoubleClick still lead the pack, while upstarts like ExactTarget and Postfuture have burst on the scene with strong offerings. As these vendors evolve to differentiate their capabilities, enhance their services, and offer multichannel marketing help, marketers will need to carefully match their needs to the vendor's total offering.

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### NOTES & RESOURCES

Forrester conducted extensive interviews with 13 vendor companies: @Once, Bigfoot Interactive, CheetahMail, Digital Impact, DoubleClick, e-Dialog, ExactTarget, Postfuture, Responsys, Silverpop, SmartDM, Yesmail, and Zustek. Forrester also conducted an online survey of 62 reference customers of these vendors. plus phone interviews with 30 customers.

#### **Related Research Documents**

"The State Of Email Marketing 2004"  
March 26, 2004, Business View Trends

## EMAIL MARKETING FACES NEW GROWING PAINS

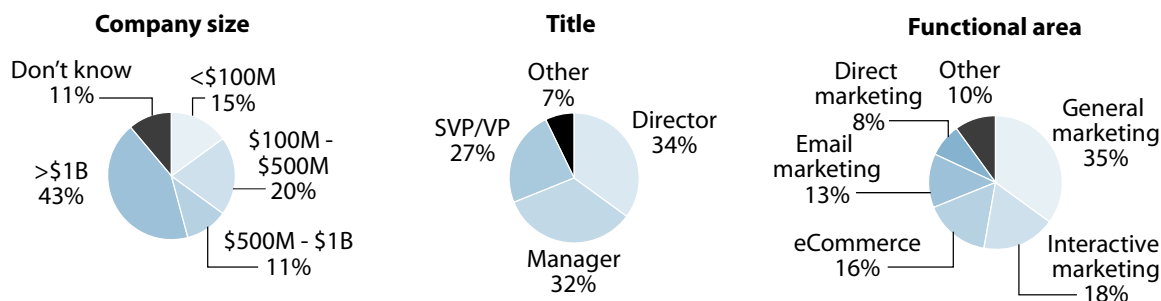
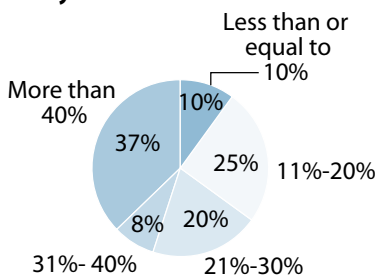
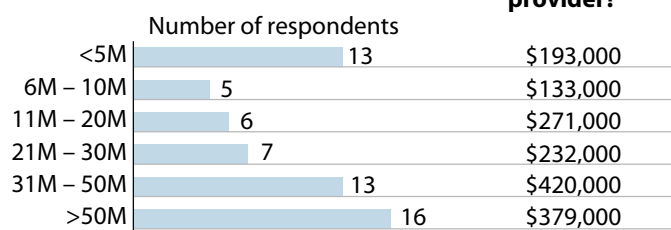
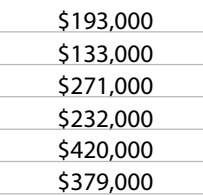
The email marketing services landscape has changed dramatically since the first Forrester Wave™ of the market in December 2002. To update our evaluation, we compiled a list of 43 email marketing services companies and selected 13 whose revenue, features, market presence, or business strategy stood out. We reevaluated eight vendors from the first Wave and added five new, promising vendors.<sup>1</sup> The evaluation process included assessing each vendor offering against 88 criteria, in-depth conversations with key executives, platform demonstrations, and review of supporting documents.

Forrester also interviewed these companies' reference customers, conducting 30 phone interviews and hosting an online survey answered by 62 manager-level or higher executives at companies spanning a wide range of industries (see Figure 1-1). In addition to discussing the vendor's performance, Forrester probed for insights to marketers' current and future needs for email marketing services. The result: We're bullish about email's continued growth, but vendors will continue to face intense pressure.

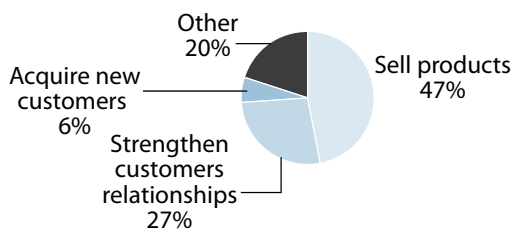
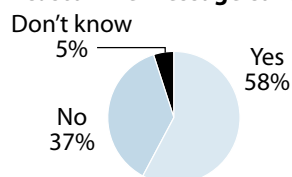
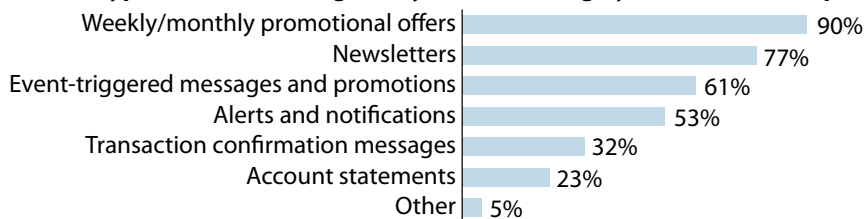
### Email Grows — But Is Still Disconnected From Other Marketing

Email programs still reach just a slice of the typical company's customer base, and resources devoted to them remain modest. But marketers are committed to growing their email programs and are becoming more sophisticated in customizing their messages. Some companies think about email as a part of the marketing mix, but, for the majority, email is still a specialty discipline with little connection to offline programs.

- **Marketers ramp up volume to a minority of customers.** The average respondent sends 30 million messages annually and possesses email addresses for less than one-third of their customer base (see Figure 1-2). Our interview with a financial services provider reflected a common theme we heard about the constraints that email programs face today: "Email will grow, but right now we don't want the expense of adding staff. As it grows to sufficient size, we will probably hire dedicated staff to manage it."
- **Email is no longer about batch and blast.** Most of the marketers we surveyed have evolved beyond a simple one-message-fits-all-customers strategy and have adopted dynamic content: automatically varying products, content, or offers based on a recipient's profile (see Figure 1-3). Marketers also use many types of messages but usually for one of two purposes: sell products or strengthen customer relationships.
- **Email is still part of the eCommerce/interactive world.** More than half of the executives from our reference companies serve in the Web/interactive/eCommerce area. Only 8% are direct or database marketers, and 35% are in broader marketing positions.

**Figure 1** Email Is A Growing Part Of The Marketing Mix**1-1 Profile of vendor reference companies interviewed for this report****1-2 Email marketing programs are modest in size****"What percent of your customer base do you have an email address for?"****Mean: 29%****"How many email marketing messages will you send in 2004?"****Mean: 30.4 million****"How much do you spend annually with this email service provider?"\*****Mean: \$299,000**

\*Each reference was responding to a specific provider

**1-3 Email messages sell products and build relationships****"What is the primary goal of your email program?"****"Do you dynamically customize message content?"****"What types of email messages do you send through your email service provider?"**

Base: Sixty-two reference users for vendor's evaluation report

Source: Forrester Research, Inc.

### Email Marketing Will Grow In Size And Sophistication

Marketers expect to face challenges in growing the size and sophistication of their email programs (see Figure 2). Given the attention to Internet service providers' (ISPs) spam-filtering policies and the unsubscribe requirements of the CAN-SPAM Act, issues around delivery and managing unsubscribe requests came in surprisingly low on the list.<sup>2</sup> These issues change somewhat, depending on marketers' sophistication and the maturity of their email acquisition efforts.

- **The No. 1 challenge: Grow the list.** Increasing the number of email addresses was by far the most significant challenge, cited by almost half of respondents. Marketers also recognize that growing their email programs will bring its own issues. Managing content, determining frequency of contact, integrating with other marketing technologies, and increasing open and click rates were each cited as key challenges by about one-third of respondents.
- **More mature email programs focus on campaign management.** As a proxy for maturity, Forrester examined the answers from marketers who said they had email addresses for 30% or more of their customer base. Acquiring more addresses stays a concern for 41% of these marketers, while content management, managing frequency of contact, and improving results match or exceed this level of interest.

**Figure 2** Marketers' Biggest Challenge Is Growing Their Email Address Database



Source: Forrester Research, Inc.

- **Sophisticated marketers focus on integration.** Email address capture remained the top challenge for the 57% of marketers who customize messages to individuals. Compared with more mature email marketers, this group put more emphasis on integrating email with their other marketing technology systems.

### Marketers View Email Vendors As A Delivery Utility, Not A Marketing Partner

By and large, marketers are looking for a company to handle the idiosyncrasies of email campaigns and are happy with vendors' ability to execute a campaign, get the messages through, and track the results (see Figure 3). In phone interviews, we heard occasional examples where an email marketing vendor provided strong strategic, creative, or technical skills. But the vendors' grades on these criteria fall far short of their ratings for delivery execution. Even marketers who report being happy with their vendors' performance note that they are willing to switch for better functionality.

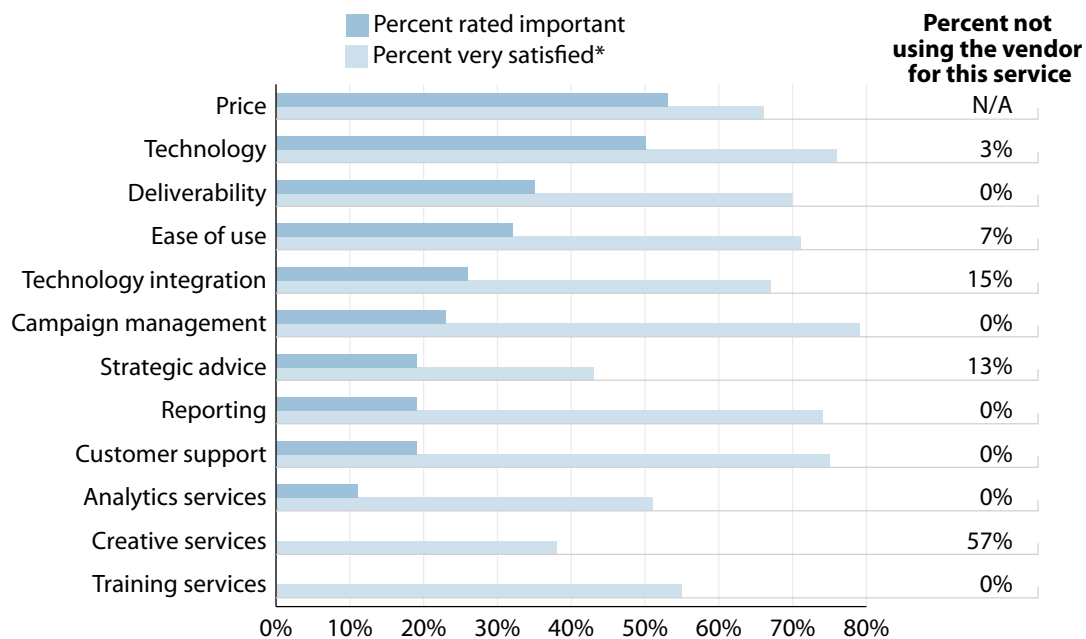
- **Price and features drive vendor selection.** At least half the respondents picked cost and the overall capabilities of the technology as the two top criteria in selecting an email marketing vendor; secondary concerns are delivery rates and ease of use of the interface. Fewer than 20% rank strategic, analytic, and creative services as important.

"CheetahMail is very responsive and has awesome training. But I'm about to test Exemplar because I think they have a better system for hosting tables of products, setting up message assembly rules, and delivering one-to-one messages. CheetahMail could probably do this but they would have to build the content management system."

"We just switched from Digital Impact because we wanted the ability to build dynamic content campaigns ourselves via the interface. We tried to work with Digital Impact on developing this, but we didn't get anywhere with them."

- **Vendors deliver the basics.** Forrester expected reference clients to give their vendor strong scores. So it is no surprise that 70% or more are "very satisfied" with their vendor's technology, deliverability, and ease of use. Satisfaction with price is slightly lower but still strong — 65% of respondents tell us that they are very satisfied.

"SmartDM rarely makes a mistake — I can't remember the last time. We have no delivery issues; they work closely with us to make sure we're compliant and I am very comfortable with the level of quality. But, although the vendor has hired some strategy people recently, there is room for improvement. I want an agency to pull me along, not the other way around."

**Figure 3** Email Marketing Vendors Get Good Grades On The Email Basics

\*Based on respondent companies using that service from their email provider

Source: Forrester Research, Inc.

“We view Silverpop as a low-cost provider. Overall we’re very happy. It’s a fantastic application. We can build campaigns very quickly, and the vendor has addressed issues when we raise them. We didn’t have to negotiate; they wanted our business. I would pay more to get better service — someone to help us really understand our campaigns, how they are working. Silverpop does what I ask them to do.”

- **Strategy, analytics, and creative services lag.** Email marketing vendors don’t do nearly as good a job satisfying their clients on more advanced capabilities like developing an email strategy, gaining deeper insights through analytics, and developing compelling creative. More than half of clients don’t use their email vendor for creative at all, and 15% don’t use their strategic services.

“I gave @Once the chance to bid on an analysis of email frequency. After I scoped the project out with them, they came back with a proposal that didn’t match my requirements. They revised it, but it still missed the mark, so I gave the project to my in-house team.”

“I find myself gently chewing out my DoubleClick account manager every month because of the lack of coordination between the various services I use.”

## DEFINING THE EVALUATION PRIORITIES

For our final list of 13 email marketing services vendors, Forrester applied its Forrester Wave™ ranking methodology — using a detailed matrix of 88 criteria to assess each vendor. In applying weights to our criteria, we concentrated on what we are hearing from the market and on what differentiates the vendor platforms and service offerings. We divided the criteria into three categories:

1. **Current offering.** Assesses the strength and breadth of the vendor's total offering, including application functionality, technology platform, and services expertise.
2. **Strategy.** Evaluates the vendor's overall vision for where the market is headed and how the company will continue to grow to meet market demands.
3. **Market presence.** Focuses on the vendor's financial health, strength of the customer base, depth of partnerships, and overall market penetration.

### Current Offering: Clients Want Dynamic Content, Ease Of Use, And Integration

Platform capabilities, functionality, and ease-of-use consistently outrank services, according to marketers. The services that marketers value most are tactically focused, such as campaign management and technical integration. Accordingly, we gave more weight to the functionality of the application and the capabilities of the platform than we did to the services. Specifically, we:

- **Focused on support for varying campaign types and dynamic content.** Most vendor platforms provide industry standard support for traditional one-time batch and blast campaigns. The platforms differentiate in their ability to define and schedule recurring, event-triggered, and rule-driven multistep campaigns. In addition, support for definition of dynamic content rules and management of those rules and content vary across the vendor landscape. Vendors like Postfuture that initially built its application to support this functionality have leaped ahead of the more well-established competition, which is now working to stretch aging platforms in new directions to meet increasingly sophisticated client demands.
- **Gave points for ease of use, as well as workflow and governance capabilities.** Marketers are clear that they want the platform to be easy to use. But ease of use is in the eye of the beholder. As a rather tech-savvy director of database marketing for a large travel company said, "The user interface model breaks down when you get to a very complex set of requirements. Sometimes it's easier if you can get beneath the front end." Thus, we gave extra points to vendors like Bigfoot Interactive that have multiple interfaces to support a range of user skills. Increasingly, sophisticated enterprises like



JPMorgan Chase want to enable more in-house groups to define and execute email campaigns. But lack of workflow, process control, and compliance measures stop these enterprises in their tracks. Upstart vendors like ExactTarget that support functional distribution with good controls and compliance features rise to the top.

- **Weighted services toward campaign management and technology integration.**

Few marketers take advantage of vendor services for creative. Those that do say, “It’s great in a pinch,” but few make exclusive use of their vendor’s creative services team. Today, what’s most important to clients is ad hoc or full-service support for campaign production and execution, and technology integration. Technology integration flexibility and services will become even more important during the next two years. More than 35% of the companies we surveyed indicated that one of their top three challenges will be integrating email campaigns more tightly with the customer data warehouse and enterprise marketing environment.

### Strategy: Continued Independence Will Require A Broader Focus

The fact that price is a top selection criteria has left vendors searching for ways to differentiate their offerings. By and large, vendors concede that email delivery is a commodity. So, in this category we weighted heavily toward executive vision. In our interviews, we pushed each vendor’s executive team hard to learn how they intend to take their company to the next level. The vendors landed in three camps:

- **Digital marketing agency.** Vendors like Digital Impact and e-Dialog are focused on a fully outsourced model. They are working to build up strategic marketing and digital marketing capabilities and to expand skills more broadly into the interactive marketing discipline, including search and online advertising. However, this focus will put them at odds with interactive agencies like Modem Media and AGENCY.COM, which they currently rely on as partners.
- **Digital letter shop.** Although vendors like ExactTarget, Silverpop, and Zustek preach an “all email, all the time” message, each offers a unique approach for growing the business. ExactTarget aims to be the pervasive self-service platform for the small and medium-size businesses (SMB) market and large enterprises and to be the “brand behind the brand” by private-labeling the platform to agencies and tightly integrating with technology partners. Silverpop’s approach is to support companies in any business model they choose whether as a full-service partner relationship, self-service platform, or installed software. Zustek provides the low-cost model, with the bulk of its 110 employees offshore in India.
- **Multichannel service bureau.** Still other vendors view email as one channel within the direct marketing mix and are seeking to expand or complement their offerings. DoubleClick strives to offer a full complement of direct marketing and digital

marketing software, as well as data and data management and marketing services. The aspirations of vendors like CheetahMail and Yesmail are not quite as high and they have already made respectable matches with database marketing service providers (Experian and InfoUSA, respectively). Similarly, @Once has accepted a minority investment from Transcontinental CC3, while upstart database marketing service provider SmartDM built email into its mix from the get-go.

### Market Presence: An Overwhelming Number Of Small, Private Vendors

Although we selected 13, the market is chock-full of private vendors with an estimated \$2 million to \$8 million in revenue. In fact, only two vendors, DoubleClick and Digital Impact, have email services revenues in excess of \$20 million, and neither of these vendors has shown that it can grow its email services revenue at an impressive rate or that it has a strong track record as a profitable public company. In this category, we gave weight to:

- **Financial viability.** With only two public vendors in the evaluation, assessing financial well-being is challenging at best.<sup>3</sup> We considered self-reported revenue and what we were able to surmise regarding the vendor's growth, cash position, and profitability. There are signs that some of the smaller, private vendors may have more runway for growth. For instance, although Digital Impact has the strongest email services revenues in the business at \$43.7 million annually, it is not yet profitable and its market guidance for 2005 ranges from breakeven to a loss of \$0.05 per share. In contrast, Postfuture reports revenue of only \$2 million to \$4 million but has virtually no debt, net margins of 23%, and expects to grow more than 200% in 2004.
- **Quality of the customer base.** We carefully examined each vendor's customer base and assessed not only the number of customers but also the company size and the vertical distribution of the customer portfolio. The majority of revenue for vendors like CheetahMail and Yesmail derives from retailers, while Responsys reports that a healthy mix of large clients in multichannel retail, financial services, travel, and marketing services deliver approximately 50% of its revenues. We gave the most weight to our qualitative assessment of each vendor's customers based on our survey of, and conversations with, reference accounts.
- **Depth of channel partner relationships.** Because delivery is a commodity and customers seek strategic and creative services elsewhere, channel relationships are increasingly important to vendor longevity, particularly for those vendors intent on staying in the game by focusing on their application service provider (ASP) platform, delivery services, and volume. ExactTarget, for example, has built a network of more than 250 agency partners that private-label its platform and deliver about 25% of the vendor's total revenue.

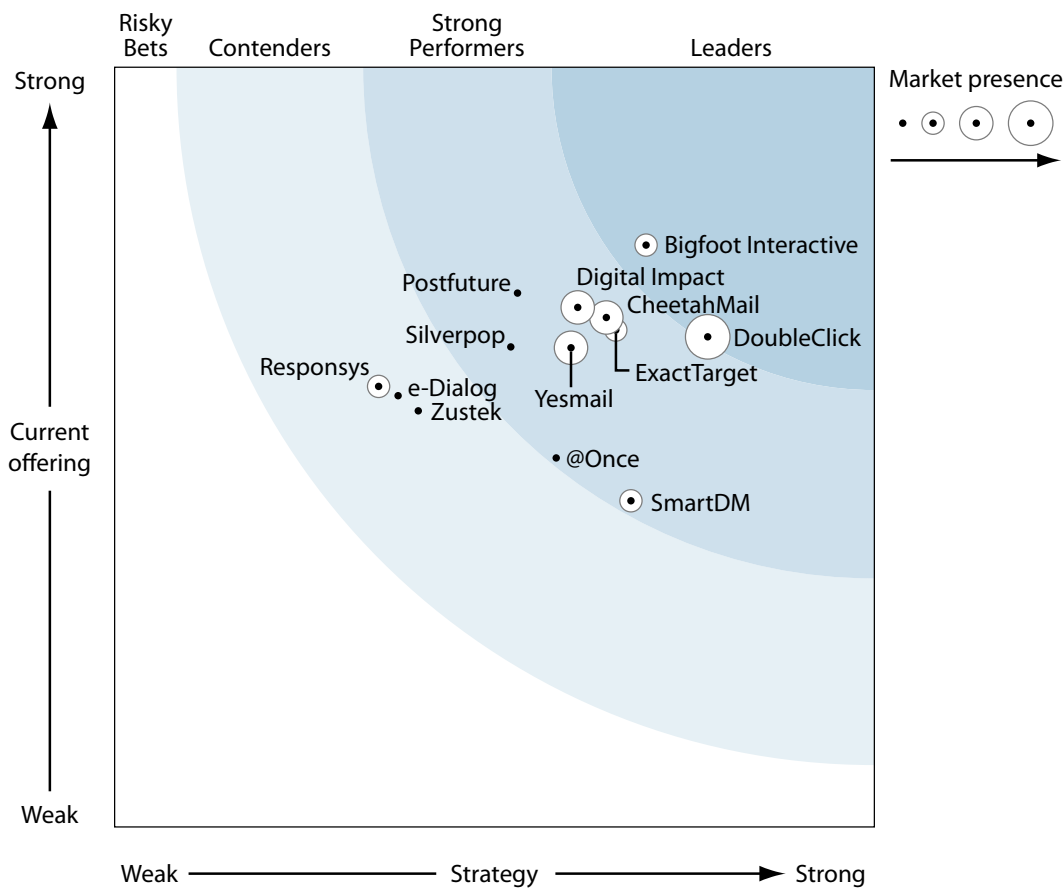
## BIGFOOT AND DOUBLECLICK STAY ON TOP, NEW ENTRANTS COME ON STRONG

The Forrester Wave™ depicts a market in which vendors fall into three groups — leaders, strong performers, and contenders (see Figure 4). Only one vendor, Bigfoot Interactive, sits squarely in the leaders category. Most notable in our results is the surprisingly strong performance of new entrants Postfuture and ExactTarget, as well as the decline of long-term industry player Responsys.

- **Leaders.** While we think DoubleClick's strategy is top-notch, our long-standing reservation remains that the vendor is not integrating its many acquisitions fast enough or comprehensively enough.<sup>4</sup> We've had conversations with more than one multimodule client of late reporting integration challenges that threaten to outweigh the benefit of opting for the single vendor over the best-of-breed technology. Even satisfied reference customers quip that DoubleClick offers "a great collection of capabilities and geographic dispersion badly tied together." Bigfoot Interactive offers the most comprehensive technology platform, complemented with a strong mix of technology integration and marketing services.
- **Strong Performers.** Eight vendors merit positioning in this rank. Postfuture's highly appealing interface, innovative approach to dynamic content definition, support for automated triggered messages, as well as the innovative solutions it is developing with its clients earn the vendor high marks. ExactTarget's focus on extreme ease of use, with standout capabilities to manage brand consistency and legislative compliance earn the vendor its placement. The other new entrants in this rank include SmartDM and @Once, both of which have a heavy services focus but deliver, or tightly partner to deliver, email services within a broader database marketing service set. The remaining four vendors in this category — CheetahMail, Digital Impact, Silverpop, and Yesmail — all make a repeat showing.
- **Contenders.** Three vendors — e-Dialog, Responsys, and Zustek — appear in this category. e-Dialog and Responsys have declined to this position after ranking as strong performers in our last evaluation. We don't believe e-Dialog has the runway to transform itself into a digital marketing agency without a merger. At Responsys, management turnover has stalled product development, while competitors have raced ahead; the new leadership may not have sufficient time to execute on a new strategy and put the company on a growth path. Zustek is still an early-stage company with limited sales presence, but it runs the bulk of its operations in offshore facilities and the vendor seems to have figured out the economic side of an increasingly commodity business.

**Figure 4** Forrester Wave™: The Email Marketing Service Provider Landscape, Q2'04

 The spreadsheet detailing this Forrester Wave™ is available online.



Source: Forrester Research, Inc.

### USE THE WAVE AS A TOOL, NOT AN ANSWER

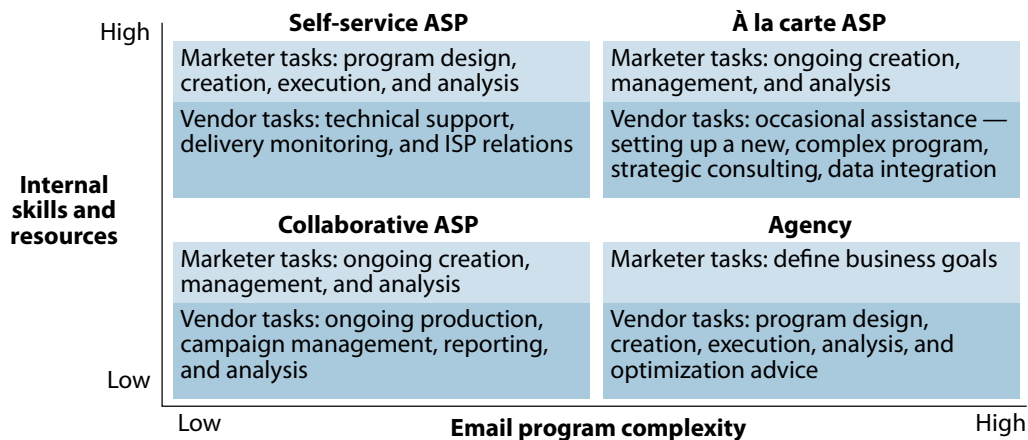
Forrester has scored the vendor landscape based on the broad directions we believe the industry will evolve toward in the next few years. But the needs of individual companies will vary based on their industry, the type of customer relationships they have, the sophistication of their email programs, and other factors. The Forrester Wave™ is a tool that outlines a set of criteria but enables the user to change the impact of each criterion to reflect his needs — resulting in a customized ranking of the vendors.

### Step One: Map Internal Needs To Email Service Approaches

All of the vendors we included in this evaluation possess a proprietary platform for email marketing. However, applications and breadth of services vary widely across the vendor landscape. Companies must first evaluate needs along two critical dimensions — program complexity and internal skills and resources — to get to the heart of the requirements necessary to support their programs (see Figure 5). With a clear view of these requirements, firms can narrow down to the right type of email marketing partner — self-service ASP, a la carte ASP, collaborative ASP, or agency.

- **Program complexity.** Campaign definition and execution complexity vary based on the level of profile-driven dynamic content, automated communications triggered by a consumer action, as well as the depth of channel, data, and technology integration that is required. For example, travel deals from Orbitz customized to the recipient's home base and favorite destination spots require a highly coordinated data integration infrastructure working in near-real time. In contrast, the Pampers "Parent Pages" newsletter is simply targeted based on a baby's age.
- **Internal skills and resources.** Managing email programs requires a blend of three skills: direct marketing, data management, and project management. Companies in some industries — such as consumer products — that have little experience interacting directly with their customers should rely more on a full-service partner. Even companies with strong skills may decide to outsource when the budget to hire an email program manager is not available.

**Figure 5** Map Needs To Vendor Business Models



Source: Forrester Research, Inc.

## Step Two: Narrow The Field Of Vendors

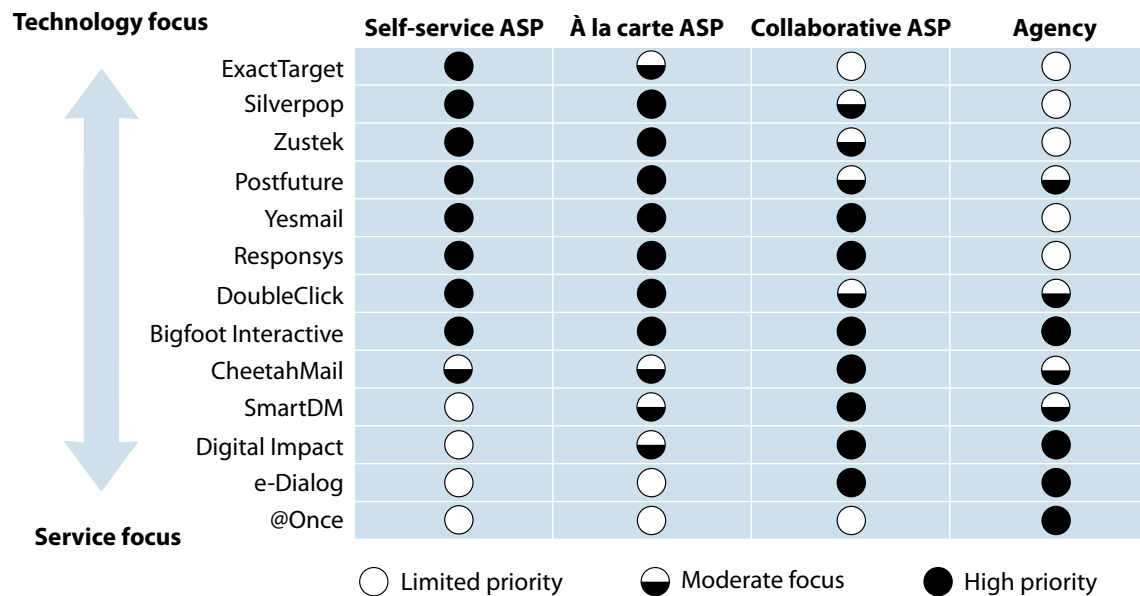
Although most vendors still offer a range of services, only Bigfoot Interactive fully focuses its efforts equally across all four service offerings. Most vendors now emphasize the ASP or full-service model but not both (see Figure 6). In addition to narrowing the vendor list to those that offer the business model that provides the best match today, firms need to consider:

- **Future needs.** Firms in the early stages of building their email program may decide that it's best to outsource completely. But they must also consider what their needs will be at least two years down the road. As one client reference we spoke with put it, "It is a pain in the noggin to switch." Most direct-to-consumer firms — including retail, financial services, and travel — live by the relationships they build with customers and focus on utilizing the information they gather about customers through their interactions and transactional behavior to develop an increasingly intimate customer dialog. These firms will ultimately require a hands-on approach, even if they don't have the internal skills or sophistication demanding that level of interaction today. Such firms should consider vendors like Bigfoot Interactive or DoubleClick that offer a range of services from collaborative ASP to self-service.
- **Cultural requirements.** Firms also need to weigh the pros and cons of the large versus the smaller vendors. Many marketers enjoy being the big fish in a small pond. As one marketing manager from a major auto rental agency said, "I view the fact that they are a smaller company as a benefit — they cater to my whims." Firms seeking this kind of relationship, however, should ensure that the vendor meets application requirements via its standard code base or through packaged extensions maintained separately from the core code base to ensure upgradeability.

## Step 3: Customize The Wave To Build Your Short List

With this knowledge of directions and needs, a company can easily use the Forrester Wave™ to create a short list of vendors to contact for a full RFP.

- **Understand the criteria.** Click into the tab titled "Criteria" and read through the factors we scored to identify ones that are most important to you. Most likely, these will be in the first section, "Current Offering," which addresses the features and functionality of the vendor's platform and services.

**Figure 6** Vendor Strengths Vary Across The Services Spectrum

Source: Forrester Research, Inc.

- **Customize the weightings.** Click into the tab titled “Scores and Weightings” to review the percentage assigned to each criteria; in the column “Customer Forrester Wave,” enter your own percentage. Be sure that as you increase one criterion, you decrease others to maintain a total of 100%. For example, a company that feels it needs a lot of services should increase the weight of the “Marketing services” criterion on line 60 and make an equivalent decrease in areas like “Technology integration services,” “Training services,” or “Customer support.”
- **View the new Forrester Wave™.** The graphic showing the relative placement of the vendors will be automatically updated when you click into the tab “Wave.” The vendors closest to the upper right corner are the ones whose capabilities most closely match your needs. From here, you can put these vendors through your company’s usual process to verify their capabilities, assess their compatibility with your infrastructure, and determine if their culture and people are a good fit.

## WHAT IT MEANS

## TECH-HEAVY, INTEGRATION-SAVVY ASP VENDORS WILL OUTLAST THEIR PEERS

- **Becoming an interactive agency is not the answer.** Vendors like Digital Impact, e-Dialog, and @Once should seek mergers that maximize their strengths. Email-strategy-heavy Digital Impact should take its relationship with Merkle Direct Marketing to the altar. Alternatively, DiGi should look to Acxiom, which has a visible gap in its offering now that its top competitor Experian has acquired CheetahMail.<sup>6</sup> Meanwhile, e-Dialog should look for a relationship with geographical neighbor BeNow, and @Once should merge with Transcontinental CC3, which already holds a minority stake in its business.
- **Tech vendors must accept their role as the digital letter shop.** While we've pointed out several features that should be added to vendor platform, vendors must also accept that some portion of their customers — particularly direct-to-consumer marketers in industries like high-end retail, financial services, travel, and communications — will increasingly migrate capabilities in-house.<sup>7</sup> Email vendors need to build real integration with leading marketing automation applications like Unica, E.piphany, SAS, Teradata, and Siebel. Not doing so means loss of business, as these vendors will find someone to deliver their mail.<sup>8</sup> Is the digital letter shop model such a bad thing after all? Perhaps not. Vendors need to consider what the core needs of this market will be. What's next? Perhaps a play in digital asset management to handle the growing complexity of dynamic message content assembly.
- **Agencies need to build eMarketing competency.** Marketers don't want to buy program strategy and creative from their email delivery partner, but they want it from somewhere. Agencies like Rapp Collins Worldwide, with its long heritage in direct marketing strategy, are in the best position to fill this void — but only if they learn to operate within the constraints of permission marketing and incorporate adequate consumer control into their email recommendations. These agencies should hire strategists away from beleaguered email vendors. They might be tempted to take a bigger step and buy e-Dialog or Responsys but should resist this urge: Agencies don't have the competency and commitment to build and maintain a technology platform.
- **Relevant messages restore email's luster.** Email marketing services have been competing on their dynamic content delivery capability for several years and now compete on their ability to integrate into a marketer's core customer database.



As marketers master the ability to use data to determine what is relevant to the recipient and dynamic content assembly to deliver it, consumers will no longer have the experience of a male Forrester analyst who receives offers up to four times per week from Neiman-Marcus for pearls, bikinis, and Ferragamo handbags. Marketers who deliver fewer messages with more relevancy will see results improve, while mass-blasters will watch their response rates flounder and their lists shrivel as consumers increasingly ignore or unsubscribe from unwanted intrusions.

SUPPLEMENTAL MATERIAL

Online Resource

The Forrester Wave™ in Figure 4 is backed by an online spreadsheet that includes and individual scorecards for each of the 13 vendors based on nearly 100 data points. The spreadsheet is available by clicking the “Download XLS” button above the online figure.

Methodology

We used Forrester’s Wave™ methodology to conduct this research. We contacted an initial list of 43 vendors to announce the commencement of the research project and request responses to an informational survey. We then narrowed the list to 13 vendors each of which has a proprietary email platform, serves large enterprise customers, and whose revenue, features, market presence, or business strategy stood out.

After examining past research, user need assessments, and vendor and expert interviews, we developed the initial evaluation criteria. Vendors were also given the opportunity to provide feedback on the evaluation criteria. We then surveyed vendors on their capabilities as they tied to these criteria. Once we analyzed initial vendor surveys, we conducted vendor discussions, application demonstrations, a reference survey, and user conversations to gather details of vendor qualifications. We factored vendor insight into criteria and weightings and determined the final evaluation criteria. Every vendor was given at least two opportunities to review our analysis of their capabilities.

In addition to the companies listed below, we surveyed 62 reference customers and conducted phone interviews with more than 30 references and users, including Best Buy, BMG Music, JPMorgan Chase, and LeapFrog Enterprises.

Companies Interviewed For This Document

|                     |            |
|---------------------|------------|
| @Once               | Postfuture |
| Bigfoot Interactive | Responsys  |
| CheetahMail         | Silverpop  |
| Digital Impact      | SmartDM    |
| DoubleClick         | Yesmail    |
| e-Dialog            | Zustek     |
| ExactTarget         |            |

## Endnotes

- <sup>1</sup> The vendors we elected to include in the Forrester Wave™ evaluation process are: @Once, Bigfoot Interactive, CheetahMail, Digital Impact, DoubleClick, e-Dialog, ExactTarget, Postfuture, Responsys, Silverpop, SmartDM, Yesmail, and Zustek. Our December 2002 evaluation also included EchoMail, which did not participate in this evaluation, and Experian, which announced its acquisition of CheetahMail in March 2004 and discontinued its prior offering.
- <sup>2</sup> At the same time, delivery capability did rank third on the list of what marketers view as important criteria for selecting a vendor. This tells us that marketers don't want to concern themselves with delivery. This tactical task is one they want their service provider to own, and, for the most part, they are satisfied with vendor performance.
- <sup>3</sup> CheetahMail and Yesmail are part of public companies, but the parent entities do not report revenue for the email divisions.
- <sup>4</sup> "DoubleClick is particularly interesting because of its depth across the digital channels, including online advertising, email, and Web analytics. Integration of these capabilities with Ensemble for campaign management will produce a solution with solid differentiators for marketers with a strong Web focus. While the opportunity is certainly there, DoubleClick needs to prove that it can pull all of these technologies together and manage a dual presence as both a marketing service provider and software vendor." See the September 12, 2003, Planning Assumption "Market Overview 2003: Marketing Automation — Still Room for the Specialists."
- <sup>5</sup> Forrester also believes that Digital Impact has a high-risk, overly ambitious strategy to expand its business from a pure focus on email to expansion into additional digital marketing channels. But the vendor does have the benefit of \$27 million in the bank to help it along.
- <sup>6</sup> Collectively speaking, database marketing service providers — such as Acxiom, Epsilon, Harte-Hanks, and others — have a pitiful track record when it comes to email and Web-based marketing. See the April 18, 2003, Brief "Buyer's Guide To Database Marketing Service Providers."
- <sup>7</sup> As experience with the email channel matures, more companies, particularly those with strong in-house database marketing competency (e.g., financial services, telecommunications, high-end multichannel retailers, some business-to-business, etc.), will deepen requirements for sophisticated personalization and responsiveness, as well as the need to tightly integrate email marketing with other marketing channels, thereby building a case to migrate the capability in-house. See the March 21, 2003, IdeaByte "E-Mail Marketing: Outsource vs. Insource."
- <sup>8</sup> Siebel acquired email service provider BoldFish in June 2003. Teradata offers its Postmaster service for email delivery to nearly 200 clients in banking, travel, and retail. Unica just announced its Affinium eDelivery service to manage email delivery execution, monitoring, and management on behalf of its clients.

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