

# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

LOCATION:  
*Waltham, Massachusetts,  
United States*

YEAR:  
*2006*

STATUS:  
*Laureate*

CATEGORY:  
*Business and Related Services*

NOMINATING COMPANY:  
*Morgan Stanley*

### ORGANIZATION:

**Constant Contact**

### PROJECT NAME:

**Constant Contact Do-It-Yourself Email Marketing**

### Summary

With more than 50,000 customers in 100 countries, Constant Contact is the leading email marketing service for small businesses, associations, and nonprofits. Constant Contact is a web-based email marketing solution that enables small organizations to easily create and send professional email newsletters, promotions, announcements and more with no technical expertise required. Designed and priced for SMBs, Constant Contact is affordable and easy-to-use. The service is marketed through over 1,500 Business Partners and more than 100 marquee channel partners including American Express, OPEN, AOL, Corel, FTD, IBM, Interland, Network Solutions, Register.com, and Website Pros. In addition, Constant Contact is a founding member of the Email Service Provider Coalition (ESPC), a group formed to fight spam while protecting the deliverability legitimate email.

### Introductory Overview

The United States is comprised of small businesses. According to the U.S. census, there were approximately 24.7 million small businesses in 2004 (<http://www.sba.gov/ADVO/stats/sbfaq.pdf>), which represented 99.7 percent of all employers. Keeping in touch with your customer base is especially important to the success of small businesses, and email marketing is a method for keeping in touch with your customers. Constant Contact is the leading email marketing service for small businesses, associations, and nonprofits. With more than 50,000 customers today, Constant Contact is the easy, effective, and affordable way for small businesses and organizations to stay in touch with their customers or members using professional email communications.

All types of small businesses and organizations use Constant Contact to stay in touch with their customers and members, including small retailers, restaurants, spas, consultants, and nonprofits and associations, to name just a few. Constant Contact helps small businesses and organizations succeed in growing lasting customer relationships – whether that is by increasing sales or growing membership levels.

With Constant Contact, small businesses and organizations can easily create, send, and track



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

professional email campaigns through the ASP web-based product. Recently voted as one of the top products in 2005 by Small Business Technology Magazine and winner of the “2005 Web Marketing Today Award of Merit for Excellence in E-Mail Marketing Software,” Constant Contact is regarded as the most popular email marketing tool by small businesses today. Constant Contact’s ease-of-use and the dramatic time and cost savings it brings to small businesses seeking to market their products and services are just a few of the reasons why so many small businesses today turn to Constant Contact.

### Benefits

Email marketing is one of the most powerful marketing tools available to businesses of all types and sizes. No matter how a small business or organization defines success, email marketing can help them achieve outstanding results faster, easier, and more cost-effectively than other marketing vehicle.

Email marketing has grown exponentially over the past few years, as all types of small businesses and organizations have come to realize the benefits that email communication can have in their marketing strategy and business growth. As the most popular and widely used email marketing service for small businesses, Constant Contact is strongly positioned as the leading provider of the email marketing tools and services that an increasing number of small businesses are turning to market their products and services and grow their businesses.

Growth is Ahead:

According to JupiterResearch’s Email Marketing Forecast 2005, marketer spending on e-mail is expected to increase from \$885 million in 2005 to \$1.1 billion by 2010. In addition, 65% of marketers think email marketing will become more effective in the next three years, according to the 2005 Forrester Online Marketing Forecast.

Four Key Benefits of Email Marketing:

1. It’s Easy.

The web-based email marketing model, HTML templates, and tracking capabilities give small businesses and organizations all the tools they need to stay in touch with their customers or members online.

60 percent of small and medium-sized companies use or are interested in using email marketing. Interland survey (September 2005)

2. It’s Affordable.

Email marketing is a cost-effective way for small businesses and organizations to stay in touch with current customers and members.

Research has shown that it is 6-7 times more expensive to gain a customer than to retain a customer. Harvard Business Review.

3. It’s Effective

Email marketing enables small businesses to proactively communicate with existing customers. It is a highly effective way to increase sales, drive site or store traffic and develop loyalty.

78 percent of people have made a purchase as a result of an email marketing campaign. -- Dou-



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

bleClick's Sixth Annual Consumer Email Study, 2005

49% of e-retail marketers rate email as more effective than other marketing strategies. -- Internet Retailer, E-Retail Report, February 2005.

59 percent of people have redeemed an e-mail coupon in a store.

DoubleClick's Sixth Annual Consumer Email Study, 2005

Approximately 33 percent of people have clicked on an email and made an immediate purchase. DoubleClick's Sixth Annual Consumer Email Study, 2005

Another third reported clicking on e-mails for information and returning later to make purchases. DoubleClick's Sixth Annual Consumer Email Study, 2005

4. It's Professional

Email marketing can help make all types of small businesses and organizations look professional in their communications. With more than 100 email templates and an easy to use wizard, businesses of all sizes can create professional-looking campaigns.

Business-to-consumer marketers' e-mail spending is expected to grow 5 percent annually to \$897 million by 2010.

JupiterResearch's new "Email Marketing Forecast, 2005

Business-to-business marketers' spending is expected to grow by 2.4 percent annually to \$206 million in 2010.

JupiterResearch's new "Email Marketing Forecast, 2005

### The Importance of Technology

Technology is important to small businesses, but only as a means to an end, which is to grow their businesses. Constant Contact has understood this from the start, and as a result they have designed their service in such a way that small businesses can create and implement successful email marketing campaigns without having to think about the technology. Following are the key technology decisions that have helped Constant Contact and its small business customers achieve success.

A service, not software

In September of 2000, long before the notion of "software as a service" became a catch phrase and a trend, Constant Contact determined that an application service provider (ASP) model would be the best way to provide small businesses access to its email marketing tools and allow them to conduct successful campaigns. With this model, small businesses can create, conduct, and track campaigns from anywhere at any time, since the service is "always on" and accessible from any Internet location. All campaigns are distributed via Constant Contact's servers. Storage of all campaign data is also handled by Constant Contact. These services are commonplace today, but Constant Contact's foresight to introduce this level of service at such an affordable price point and so early in the game as one of the pioneers in email marketing has been very beneficial for its customers and the company.



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

Small business customers can stay focused on creating their campaigns, leaving the technological aspects of email distribution to Constant Contact. Small business technology investments in email clients and servers can also be used strictly for day-to-day communications and business purposes, instead of being taxed and tied up with the distribution of email marketing campaigns. This is another level of time and cost saving benefits for Constant Contact's small business customers. (We may want to mention how its cost prohibitive for small businesses to have their own IP address).

For Constant Contact, the company can easily implement updates and enhancements to the software and deliver these improvements to customers in real time and at any time. Updates to the software to automate compliance with anti-spam legislation and to foster email marketing best practices can also be made easily. Customers also benefit from this convenience. There is no need to worry about the latest version release from Constant Contact, or to spend time with the process of implementing software updates.

Technology enables "do-it-yourself email marketing"

Prior to launching its email marketing service, Constant Contact spent time getting to know small businesses. One of the most important characteristics of small businesses and small business owners that Constant Contact learned is that their entrepreneurial and independent spirit fosters a "do-it-yourself" mentality. Constant Contact designed the technology behind its email marketing service to provide small businesses with the ease-of-use needed to allow them to exercise the control they want and need in creating and implementing their email marketing campaigns. The company is constantly working to improve the usability of its service and continues to implement enhancements.

### Originality

Constant Contact's customer-centric mindset has spurred several unique and innovative practices and services that help ensure the success of its customers. Providing the optimal level of service, coaching, and guidance to help small businesses succeed with their email campaigns, Constant Contact has successfully balanced a self-serve model with full customer service and support.

The company realized early-on that many of its customers needed help getting their email campaigns off the ground and would need tips and guidance going forward. Through free newsletters, webinars, tutorials and in-product tips, guidance, support, and help, Constant Contact educates its users on email marketing best practices, teaching them how to build permission-based lists, create professional-looking design and content, and communicate effectively with their customers and prospects. The Hints-&-Tips newsletter offers advice and real-life examples, showing how small businesses have leveraged email marketing to grow their business.

While consistently providing up-to-date educational material to their customers, Constant Contact wanted to go a step further in their customer service, so it implemented Campaign Consultants. The consultants not only react to customers' problems, questions and requests, but also proactively connect with new customers and offer assistance and valuable tips on building their campaigns.

Even before signing up, Constant Contact ensures prospective customers have all the information they need to make their email marketing decisions. For this reason, the company offers a



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

free 60-day trial of its email marketing product. This way, the prospective customer can get up to speed on the tools before they commit, and pay for the product.

Taking customer relations to the next level, in 2005 Constant Contact formed the Customer Advisory Board, a select group of Constant Contact users who serve as the representative voice of the company's rapidly growing customer base of more than 50,000 small business users. This group helps guide Constant Contact's product development efforts and ensures the company's products and vision remain closely aligned with its customers' business objectives. Product enhancements are made regularly, directly resulting from feedback and suggestions from Advisory Board members. These enhancements help to improve the feature set, functionality and usability of Constant Contact's email marketing tools at a user-level. Constant Contact has also established an interactive online discussion portal for Advisory Board members for sharing product development ideas and conducting customer feedback forums.

In 2006, Constant Contact will introduce a new online community portal, allowing all of its customers to connect and contribute not only to the Constant Contact product, but also to one another's success. This new portal will be a forum for customers to communicate with each other, sharing their successes and their own hints and tips for succeeding with email marketing. In addition to the community aspect of Constant Contact small business users, any visitor to the site, whether a Constant Contact user or not, will find a wealth of information in the form of quick tips and how-to articles, whitepapers, and Q&A's with marketing experts to help them grow their business with email marketing.

Please see above.

### Success

Constant Contact's more than 50,000 customers in over 100 countries around the globe have sent over four billion emails since 2001, realizing savings of over \$1.5 billion in postage alone. Customers send an average of 10-15 million permission-based emails to their customers and prospects every working day. However, financial savings is only one part of the equation. Other major benefits include the ability of Constant Contact's customers to communicate quickly, build loyalty and generate repeat business by reaching out on a regular basis.

The following are some customer success stories:

- Five Crows, a retail shop in Natick, Massachusetts, that sells handcrafted works of art by local artisans, has seen a 2-5% increase in sales and a significant increase in foot traffic each time it sends out an announcement through Constant Contact.
- Boston Duck Tours, a powerhouse in the Boston tourism market that carries visitors around Boston in amphibious land and water vehicles known as DUCKs, has seen an earnings increase of 143 percent in Boston Duck Tour package partners since implementing its email marketing program.
- Lori's Wigsite, an Internet retailer that sells synthetic and natural hair wigs and accessories to women undergoing chemotherapy or who suffer from Alopecia Areata, a highly unpredictable, autoimmune skin disease that results in hair loss, has seen a 25% increase in sales each time it sends out a sale announcement via Constant Contact.

The Sugarbush Chamber of Commerce began using Constant Contact in 2003. Since imple-



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

mentation, it has been able to communicate with its members more frequently and has seen significant cost and time savings.

“Constant Contact saved me over \$4,000 in postage in the past year alone,” said Susan Roy, executive director of Sugarbush Chamber of Commerce. “In the past we communicated infrequently due to significant costs of traditional mail, however, since switching to email with Constant Contact two years ago, we have been able to stay in frequent touch with our members. Constant Contact enables us to provide our members with the information they need, when they need it. We now send over 95% of our communications via Constant Contact.”

Small businesses and associations clearly benefit by communicating with their customers, members and prospects online. With Constant Contact, small organizations are communicating more frequently and more professionally – all while saving time and reducing costs. In addition, they are growing their email subscriber lists, increasing online sales and donations and engaging their members with a variety of email communications.

Constant Contact enables users to regularly inform their customers about new services, features, and special offers with content-rich newsletters and targeted promotions. Any small business can look more professional by taking advantage of Constant Contact’s simple interface and eye-catching templates. Constant Contact requires no knowledge of HTML to create and send newsletters and promotional emails, and track results including click-through rates.

Constant Contact has grown substantially over the past few years, doubling the number of customers for two years running. In May 2001, the company signed its 100th customer. Today that number stands at 50,000 users.

### Difficulty

Constant Contact has paved the way for the email marketing industry. What began as a small start-up has turned into the leading provider of email marketing services to the small business market. But, the growth and success Constant Contact enjoys today has not come without setbacks. Constant Contact was in desperate need of additional funding in 2001-2002. The company faced a difficult funding environment and a significant challenge in generating venture capital interest in its products for the small business market that would sell at an average cost of \$25.00/month.

At that time, venture capital firms were tightening their purse strings even with companies offering high priced products and services to large enterprise clients. This daunting challenge threatened the continuity of Constant Contact’s business. Faced with the collapse of the technology sector in 2001, the company was in desperate need of VC funding. The company met the challenge by pursuing over 35 potential funding sources during untold months of hard work and perseverance and closed an additional \$9.5 million in funding. This vital financing helped Constant Contact remain focused on developing and improving its email marketing service, while simultaneously pursuing the business development and partnership strategy that has helped the company reach profitability and achieve the tremendous customer growth rate that has made Constant Contact the most popular email marketing service being used by small businesses today.

Gail Goodman, who joined the company as CEO in 1999, played a vital role in driving the funding effort, in addition to overseeing the execution of the business development and part-



# THE COMPUTERWORLD HONORS PROGRAM

## CASE STUDY

**ORGANIZATION:**  
*Constant Contact*

**PROJECT NAME:**  
*Constant Contact Do-It-Yourself  
Email marketing*

**LOCATION:**  
*Waltham, Massachusetts, United  
States*

**YEAR:**  
*2006*

**STATUS:**  
*Laureate*

**CATEGORY:**  
*Business and Related Services*

**NOMINATING COMPANY:**  
*Morgan Stanley*

nership strategy. In the ensuing years, Constant Contact has forged more than 100 channel partnerships to help extend its reach to the millions of diverse small businesses in the U.S. Partnerships have included AOL, Intuit, PayPal, FTD, Staples.com and Network solutions. In addition, the company signed more than 1,500 reseller partners, including marketing agencies, associations, web developers and software vendors. Constant Contact's Business Partner reseller program continues to grow at an average rate of 60 percent per year.

The spam issue presented another major challenge for Constant Contact. Prior to President Bush signing the federal CAN SPAM Act, which became law in January of 2004, proposed anti-spam legislation at the state level threatened to go too far, making good business practices illegal and making it risky for small businesses, in particular, to continue marketing their products and services with email marketing tools like Constant Contact. In addition, the increase in spam stalled market adoption of email marketing due to businesses' fear of being perceived as spammers and concerns about the effectiveness of email marketing campaigns. Constant Contact's free educational programs and services have helped bolster confidence among small businesses, encouraging them to continue communicating with their customers via permission-based email marketing campaigns.

To raise awareness among legislators, Gail Goodman led Constant Contact's efforts to create and distribute a position paper on the impact of proposed legislation on small business, both on the state and federal level. Constant Contact also became a founding member of the Email Sender and Provider Coalition (ESPC), a cooperative group of industry leaders formed to provide effective spam-fighting solutions while protecting the delivery of legitimate email. Constant Contact has also forged close relationships with all of the major ISPs, aiming to promote email marketing best practices and to improve email deliverability. As a result of the efforts of Constant Contact, the ESPC, ISPs and other industry groups and alliances, email marketing best practices have been clearly defined and established. Spam continues to pose challenges to businesses and consumers, but we are now on a path toward a workable solution to the problem that will encourage the wider adoption of email marketing best practices.