

The Insurance Marketing Department Ltd

Sales and Marketing guides

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Many businesses like to keep in touch with existing clients by e-mail; others like to use this as a way of generating new contacts. But new regulations that came into force on 11th December bring with them a number of issues that financial services professionals will need to be aware of.

Initially, perhaps, the new regulations could appear to represent a restriction in the way many small businesses are able to develop. However, for most IFAs, insurance and mortgage brokers, extensive use of e-mail as a lead generation tool is hardly practical; after all it is relatively cheap to prepare and send an e-mail message—most of us do this as a matter of course—and generating professional looking messages is relatively easy. But the downside is that finding new prospects can be difficult—and expensive, if you hire in lists.



Protecting your assets can seem obvious; but clients are assets too

What is more, e-mail addresses, both business and private, tend to become out of date very quickly. As a result, the value of e-marketing in order to generate new business from those with whom no previous business relationship exists, is likely to be of questionable value. The exception to this is likely to be in respect of enquiries generated from a website and we will consider this separately.

E-mail as a defensive tool

The most important point to understand about the new regulations is that, if they affect

you, they also affect your competitors and—most importantly—they affect direct distributors, such as bancassurers.

This is important, because one of the most valuable business assets you have is your existing relationship with your clients and you can build on this in a variety of ways.

Throughout the 1990s and into the third millennium, the marketing cry was “ring-fence your clients” because if you don't, they are open to attack from competitors.

The new rules in summary

The new regulations are based on the European Directive on Privacy and Electronic Communications (2002/58/EC) and failure to comply could result in a magistrates' court fine of up to £5,000 (unlimited in higher courts) and a criminal record.

- You can no longer send e-mails to a living individual **for direct marketing purposes** without prior consent.
- Clearly, this does not exclude e-mails sent to individuals for specific purposes—the difference appears to be similar to that between a personal letter and a traditional paper-based mailshot.
- The rules do not appear to cover e-mails addressed to (for example) sales@domain-name.co.uk (where the domain name is clearly that of a business), as such addresses are not identifiably of living individuals. However, to rely on this appears to be using semantics to circumvent the intention of the law and is not recommended.
- If you send an e-mail (with prior consent, of course) you **must** provide a valid de-registration address (such as an e-mail address or website page).
- You can send e-mails to existing clients in respect of “similar” products or services to those already provided, but clients must always have the option to de-register.
- Mobile telephone text messages are treated the same as e-mails.
- Sending an e-mail with false “sender” information is an offence.

Please note this summary is not comprehensive and **must not** be taken as a legal opinion.

