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The Data-Driven Marketer's Guide to Email Marketing



The Importance of Email Marketing

Email might be the oldest trick in the digital marketer's playbook, but as it turns out, it's still the most valuable. Despite the flashy appeal of newer channels like social media, email marketing generated the highest ROI for B2C companies in 2014. And the vast majority of Americans - 91%, to be precise-actually like receiving promotional emails, according to a 2015 Marketing Sherpa Survey.

47%

**of Millennials prefer email
as the method of contact
with companies**

Principal Financial Group, 2015

Even social-media-happy Millennials prefer to speak to retail brands via email, according to a 2015 study by the Principal Financial Group. According to the survey, 47% of respondents chose email as the preferred channel, while just 6% chose social media.

Despite this, most companies are still investing much more of their time and money in channels with less revenue potential.

The reason why email frequently takes a backseat to other marketing channels is because great email campaigns are hard to do. There is a very fine line between acceptable marketing emails and spam. Marketers are also much more focused on attracting new customers via other channels instead of nurturing existing customers. In reality, the first purchase is only a small victory in the long war over your customer's attention, hard-earned dollars, and loyalty.

What This Guide is For

That said, this isn't a free pass to start emailing like it's 1999 again. It's time to put batch-and-blast email campaigns firmly in the past. Today's customers are savvy shoppers and have higher expectations from brands. Traditional email with stock messaging no longer makes the cut.

Following the progression of other marketing channels, email has become more dynamic and personalized. Smart email marketers are moving beyond ordinary batch-and-blast campaigns, and towards more data-driven, personalized approaches.

Leading organizations invest in interpreting and predicting customer behavior in order to execute successful email campaigns. Email is a large revenue driver for these organizations because they've invested in the data science required to gain these insights, and have structured their campaigns around this data.

This guide will walk you through email marketing for the data-driven marketer. Learn what different types of customer data can be leveraged to better segment your customers, and how dynamic content, offers, and product recommendations will help take your email marketing to the next level.



Step 1:

Identify Your Audience

It's not enough to just collect customer data.

If you don't do anything with that data, you're missing out on a wealth of insights. You need to analyze the data and identify what your audience needs in order to better develop a marketing strategy that best speaks to each type of customer. Treating all of your customers the same can alienate your existing audience. For instance, a series of welcome emails might help acquire customers, but may cause your high-value customers to unsubscribe. It's important for marketers to understand every aspect of their customer data to avoid these kind of mistakes.



Data Aggregation and Analysis

Companies are sitting on a treasure trove of data. Behavioral, transactional, demographic, and social data are all at the fingertips of every online company. However, knowing what to do with this data and how it relates to customer behavior is what separates the good companies from the great ones.

Too often, marketers only partially use or even ignore this data in the creation of email campaigns. Campaigns are sent out regardless of whether a customer has just



made a purchase or is only interested in one particular product category. This can be harmful in that people are more likely to unsubscribe altogether if they keep receiving messages that don't relate to them.

On the other hand, effective data-driven email campaigns actively depend on behavioral, transactional, demographic, and social data to deliver messages that engage customers and motivate repeat purchases.

Data Points



Behavioral Data

Behavioral Data consists of what customers do on your website, including what pages they view, what items they have in their shopping carts, whether they're using a mobile device, and so forth. It also includes data related to emails, including when they usually read and click your emails.

Examples

- » Length of time on-site
- » Frequency of site visits
- » Product views
- » Cart abandonment



Transactional

Transactional data provides insights on what and how often customers have purchased before. This information should be incorporated into personalized email when reminding customers to restock on products, or enticing a customer to try an accompanying product in a category they've purchased from in the past.

Examples

- » Average order value
- » Items purchased
- » Category purchases
- » Discounts used



Demographic

Demographic data includes age, gender, location, and income. Information gathered from demographic data might seem limited, but when combined with the right offer can provide impactful results. For example, you might find that higher-income customers are less likely to be motivated by percentage-off coupons and more likely to be motivated by free shipping or exclusive sneak peeks at new products.

Examples

- » Average household income
- » Gender
- » Age
- » Location



Social

Social data includes statistics around what products are most likely to be shared on social media and who your most socially active customers are. With this data, you'll be able to identify who in your customer base are influencers on social media and incentivize them accordingly.

Examples

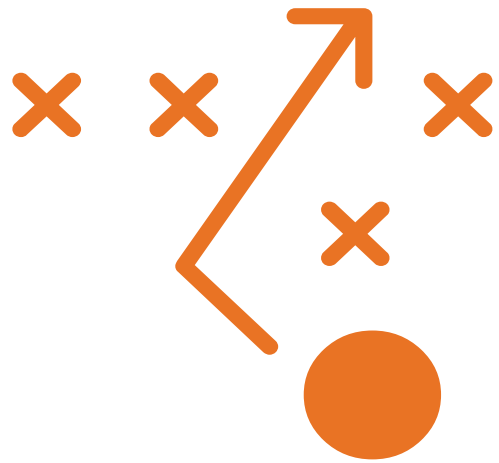
- » Interests
- » Likes
- » Influencers

The Challenges

A challenge that most companies have to overcome is aggregating all of this data, as it most likely lives on many different platforms. For example, behavioral data can be found in Google Analytics and Mailchimp. Transactional data is often found in an internal database. Social data can be gathered using APIs such as Facebook's Open Graph. Demographic data is accessed through a paid database.

All of this data needs to be gathered together and correlated so that statistical models and regression analysis can be performed.

Successful aggregation and analysis of the above data enables B2C companies to determine and predict customer lifetime value, churn rate (percentage at which you're losing customers), and much more. For example, marketing teams with access to these metrics can send perfectly timed win-back campaigns to customers who are about to churn. There will be more on how these metrics relate to segmentation and personalization later in this guide.





Customer Segmentation

Customer segmentation involves grouping together customers based on similarities they share. The purpose of customer segmentation is to improve customer acquisition and retention by sending targeted and relevant messages.

By analyzing demographic, behavioral, and transactional data, you can profile customers by their location, products they purchased, and the time of their last purchase, and send them targeted messaging accordingly. With advanced data science, you can even take into consideration factors like how long customers browsed on your site, page and product views, and frequency of visits. Even small amounts of segmentation can have a huge difference over the older batch-and-blast model.

Useful customer segments formed from predictive analysis include:

- » Predicted Customer Future Value
- » Predicted Churn State
- » High vs. Low-Value Customers





Step 2:

Personalize the Content

When we say personalize the content, we're not just talking about featuring men's jeans to your male customers and dresses to female customers. We're talking about using data to get to the nitty gritty of who wants what. You now know who your customers are - your emails should be tailored to what they're most likely to respond to. This means content in terms of the words in the email, but it also means personalizing offers and knowing which products to recommend.



82%

welcome discounts at
checkout for loyalty
points or coupons



57%

want real-time
promotions and
offers



54%

welcome
complementary
item suggestions

Customizing Incentives

Offering incentives such as 10% off, save \$20, or "buy one get one free" have been common in the marketplace for many years as a way to entice customers to purchase more. With the batch-and-blast method, however, each offer would be sent to all customers across the board.

As successful as these offers may seem, this one-size-fits-all tactic can often lead to reduced margins and wasted revenue when sent to customers who would

have converted for less than the offer. Customized incentives can start from segmenting customers by Average Order Value (AOV) and Customer Lifetime Value (CLV), then sending offers that would appeal most to each segment. Take it further by introducing special offers for specific categories and products tailored to individual customer purchasing history or browsing behavior.



Using Data to Offer the Right Incentives

Data-driven customer profiling allows you to offer targeted incentives to each customer based on their behavior and likelihood to purchase.

Building a unique customer profile enables businesses to send personalized emails with offers that match the preferred type of incentive, increasing the chances of purchase. The best way to build these profiles is by studying customer browsing behavior and analyzing transactional history to get an idea of what motivates a customer to make a purchase.

This way, incentives such as free shipping or 20% off are only offered to those who appreciate it, rather than losing revenue to people who would have otherwise paid for shipping or paid full price for products.

This advanced form of incentive targeting can also be used in loyalty marketing campaigns once high and low customer lifetime value segments have been determined. You can adequately reward your high lifetime value customers with

higher incentives, nudging them into becoming advocates for your brand. Furthermore, running more aggressive incentive campaigns to your lower value segments might spur some of them to spend a little more.

Product Recommendations

In order for customers to buy more and stay engaged with your brand, they need to receive relevant content. Sending relevant product recommendations in your campaigns demonstrates you care and want to build a relationship with your customers. In a study by the Rockefeller Corporation, 68% of customers stated that their reason for leaving was because they thought the company did not care about them. Personalizing customer shopping experiences through product recommendations relevant to their latest purchases and content that is relevant to their lifestyles helps to foster brand loyalty.

Sourcing relevant product recommendations can be done based on analyzing past transactional data and browsing behavior. Applying this data to what other customers in a similar demographic or CLV segment have purchased can help to identify product affinity and create a shopping experience that is personalized without being repetitive.



Step 3:

Send It at Just the Right Time

Timing is everything. Being in the right place at the right time can create opportunities and open doors to places you've never known. This bit of truth can be applied to marketing as well. Capturing a customer's attention at exactly the right time can create a loyal repeat customer who might have otherwise been distracted by something else. Sending an email at the right time of day can make all the difference.

Optimized Timing

Delivering targeted campaigns to customers at the right stage in their lifestyle is crucial to gaining the highest purchasing and loyalty results. The best content and offer in the world can't make up for horrible campaign timing. While some online research may suggest the best times and days to send an email, in reality the most optimal time and frequency varies from person to person. Paying close attention to timing has proven to lead to higher email open rates - StrongMail discovered that sending promotional emails at a set delivery window increased customer engagement by 54.6%.

Combining data analysis with predictive marketing software allows you to analyze your customers' behavior and determine the best time to send your offer. For example, if you know one customer profile always checks their inboxes in the evenings and makes the most purchases on Tuesday and Sunday, then sending your email to that customer at 6pm on Tuesday is their highest engagement window.

Again, it all boils down to understanding your customer through the data you already have access to. Based on what times your customers tend to open and click your emails, combined with historical data on when they make purchases, and then cross-referencing the data of people similar to that customer, it's not a big leap to figure out when and how often your emails should be sent.





Step 4:

Measure Your Effectiveness

Analyzing your metrics is a key way to understand how you're doing. It's like taking a pulse of your email marketing efforts. Making decisions based on metrics is a good way to make sure you're marketing with data instead of by intuition. Pay attention to the following Key Performance Indicators (KPIs) to understand which of your email marketing efforts are working - and which need to be revisited.

Key KPIs to look at:

- » Unique Open Rates
- » Click Through Rate
- » Conversion Rate
- » Unsubscribe Rate



>> Key Performance Indicators

Unique Open Rate

Tells you how many people opened specific email campaigns. Because some customers open emails without reading them, and because some email inboxes block images (including the embedded pixel or tracking image), this KPI isn't a strong indicator of overall campaign success. However, it's a great way to see what kinds of topics or subject lines performed the best.

Click Through Rate

Tells you how many people opened an email and then clicked a link (or links) in the email. This KPI doesn't take into consideration the actions beyond clicking (like purchasing), but it's a good way to measure what kind of content is most effective in engaging your customers, and a great overall way to see whether your emails are being read.

Conversion Rate

Tells you exactly what the name implies: the rate or percentage of people who complete the desired action from the email's intent, whether a sign-up, completed purchase, or downloading content. The king of email KPIs, the conversion rate is crucial in measuring out the ROI of your email marketing, and also provides a way to identify your most-engaged customers based on how often they open, click, and convert from your emails.

Unsubscribe Rate

Tells you how many people have unsubscribed to your emails. A high unsubscribe rate is a warning sign - it might indicate that you need to clean up your email list, adjust the timing or frequency of your emails, or revisit your content to make sure email messaging is relevant and engaging.

Spam:



Getting sent to the spam folder is the email marketer's worst nightmare, but it shouldn't happen as long as you're not batching and blasting. If your messages are getting marked as spam, take note of it as indication that your customers don't feel like they're being addressed as people.



Conclusion

As eCommerce continues to grow and evolve, marketers can't afford to only pursue new marketing channels and ignore the ROI that email still offers. Customer preference for good email communication is clear. But email doesn't have to be a complicated guessing game or shot in the dark. Leverage your customer data for better email campaigns and see the difference right away.

The effectiveness of your email campaigns will always ultimately depend on the value you can bring to your customers. The secret to great email marketing is understanding that the value of your emails vary from person to person. Some customers will find value in your curated content; others will find value from the personalized offers you provide.

Using customer data to figure out what provides value to each of your customers will help you reach new levels of customer engagement - and that's something worth working for.