

Don't Spam So Close to Me

Moving From Mass Mailings
to Mass Personalization

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EXECUTIVE SUMMARY

Spam is a part of life. It shouldn't be. In a customer-driven marketplace where products and services reshape themselves around user interests and activities, who has the time or attention to read a generic, irrelevant, one-size-fits-all branded marketing message?

The best of the today's batch of email marketing applications have been little more than a digital take on the now quaint idea of direct mail. Email marketing 'best practices' exist, but they simply don't go far enough in a world of customers with sophisticated expectations. Email marketing needs to be reinvented.

This whitepaper argues that to be better than your competitors and turn apathetic subscribers into loyal customers, we need to throw everything we know about email marketing out the window. Email marketing should delight and inform, not annoy.

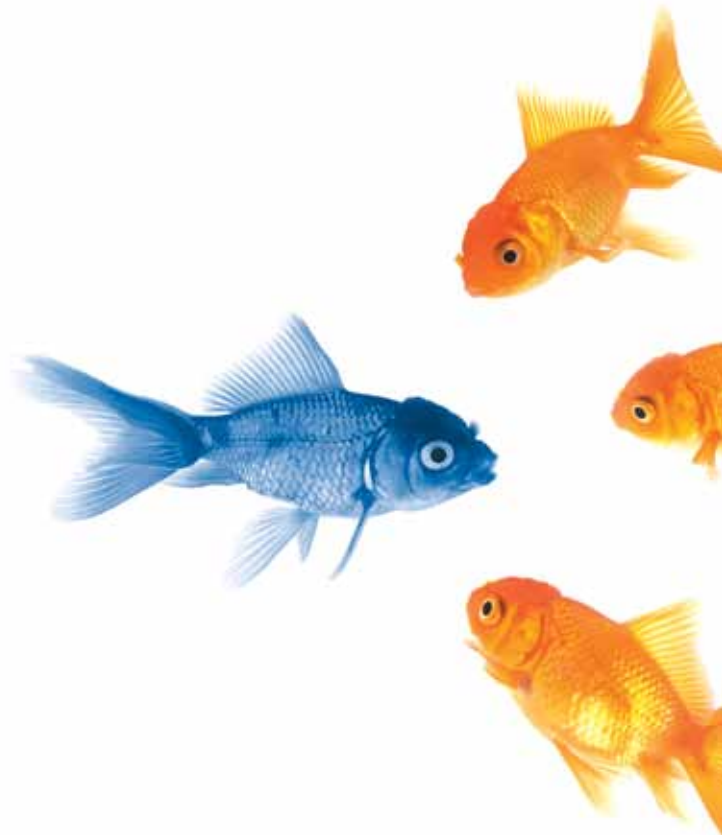
Let us show you the way.

NOT YOUR GRANDFATHER'S EMAIL MARKETING

Email, like direct mail before it, is an essential channel for marketers. Email campaigns are an inexpensive way to share new information with customers and prospects. When done well, email marketing improves awareness, builds customer loyalty, and bolsters reputations—all while increasing revenue. However, email is often not done well. Today's email marketing is an old idea, reinforced and compounded by legacy ideas in a commodity marketplace—a context that we believe has kept email from being the robust communication channel that it could be. Let's take a look at what works for email and what's broken.

THE COMMODITIZATION OF AN INDUSTRY

As a consequence of becoming a core channel for communicating with customers, countless vendors have come to market with near-identical email marketing solutions. Features that were once upon a time innovative—like email composition, send and open statistics, and delivery options—are now offered by all. Email marketing has become a commodity marketplace, and vendors compete by undercutting one another on prices and differentiate with 'new' features that add little value for marketers and none for customers.



This race to a lower bottom line ignores how much the digital context of the customer lifestyle has changed, and focuses on sending more and more generic email. Improvements are iterative, and frankly, only serve to improve marginally on the execution of direct mail—a 200 year-old marketing idea.

In-house marketers are focused on increasing revenue, growing interest in products and services, and beating competitors. Email marketing is just one tool at their disposal, but it's just a digital update on a 19th century numbers game: quantity over quality. Email marketing 'best practices' have emerged, but they are predicated on one-size-fits-all campaigns that appeal to many recipients, but not all. Campaign relevance with this approach has been hit and miss, often resulting in lost opportunities every time a company presses send in their email marketing application. To see the results of these so-called 'best practices,' look no further than your spam filter.

What if email marketing was reinvented in today's marketplace? What could it look like and what might it accomplish? We believe that we're able to answer such questions in a way that provides real value for both marketers and customers, and fosters the growth of a relationship between the two. We believe that campaign personalization will be the key to making email marketing far more effective for companies who view their customers as individuals and not just names on a list.

THE ANACHRONISM IN YOUR INBOX

Because of outdated logic from antiquated technology, many email campaigns have been marketing to the lowest common denominator—a disrespectful use of the time and attention of customers and prospects. But this is how many companies choose to communicate with their customers, by sending almost all of them meaningless messages. Many customers respond by simply marking the email as spam without unsubscribing, and marketers continue paying to send them messages that have no chance of ever being read. Worse still, poorly-orchestrated 'spray and pray' campaigns don't just fail to create value, they can actively destroy brand integrity and customer loyalty—leading to a steady and constant decrease in revenue, paid for by the company. The sad reality is that

most companies don't know that they are often doing more harm than good.

Consider what branded messages delivered through email are competing with for customer attention. The last few years have seen a change in customer expectations. Facebook and Amazon provide intimately personalized experiences derived from each customer's characteristics, interests and activities. Facebook grew to 600 million active users in only seven years by understanding personalization. By way of comparison with standard email campaigns, even the best-written marketing email can have at-best a passing relevance to a minority of recipients. If email marketing is going to remain relevant in today's digital market—let alone avoid the spam filter and be read—it needs to be reinvented as a personalized service that understands customers and their interests.

A BETTER WAY FORWARD

One of Steven Covey's Seven Habits is "seek first to understand, then to be understood." The logic behind this statement is undeniable and an essential key to any marketing campaign's success. However, the challenge for any company or marketer is knowing what to understand. And when it comes to personalized email campaigns there are two specific subjects that have to be clearly understood: the company's offerings and the customer.

Understanding the company's business is a given in most cases. But the context of the business to each customer is often an overlooked but a crucial element for successful personalization. These are some of the questions that a company needs to understand:

- Who are our customers?
- Why do customers buy from us?
- What do our customers like about us and our offerings?
- Why are our customers interested in us?

Answers to these questions would most likely differ for almost every customer, as every customer is unique. If every customer is different, cares about different things, and is motivated by different criteria, how can one standard email message satisfy all recipients? It can't.

Email marketing shouldn't be a monologue; it should be the opening line of a dialogue. Getting the audience to respond first with their attention and then with their wallets requires crafting a message that engages them—each of them—individually. In order to craft such a message, marketers need to have some idea how a given customer would respond to each of the questions asked above, and use those answers to tailor a message to each of those customers. If a given customer likes photography, how is this affinity data collected and used in email campaigns that showcase deals on cameras? Generically: what makes personalization possible?

PERSONALIZATION

Personalization respects individuality. Age, culture, location, and history—among other things—affect how and when customers might like to talk to peers and companies. In this situation, a marketer's job becomes to make educated guesses about which combinations of traits are likely to predict

preference for one product or another. In the context of email marketing, this scale of personalization is manageable.

From a customer's point of view, personalization means a relevant message in the inbox. From the company's point of view, that message is part of a clear pathway to strong customer engagement and loyalty—factors that boost revenue.

Broadly speaking, there are three types of information needed to make personalization possible and manageable: *company-specific information*, *customer-specific information*, and *business-context information*. Personalization happens when customer data is linked to company-specific information using business-context. You need to know who your customers are and what they want, what you've got, and where the two overlap. Is this level of personalization present in your current solution?



How traditional email marketing views customers.



How personalized email marketing views customers.

Company

The company must have a solid understanding of their products and services as well as content that best describes, communicates, and promotes the offering's features, advantages, and benefits. Typical company-specific information can be thought of around two attributes. First, product and service attribute data, the basic information such as size, shape, price, and classification. Second, product and service descriptive content summarizes the offering and communicates its proposed value. These types of information are required

as a baseline of product information for customization. This is the database of products and services that will be cherry-picked by the personalization algorithm and placed in unique combinations into emails to customers and prospects.

Customer

What does the enterprise traditionally know about its customers? It varies a great deal based on the nature of the relationship between customers and the company. Banks, pharmacies, and market research firms know lots, while

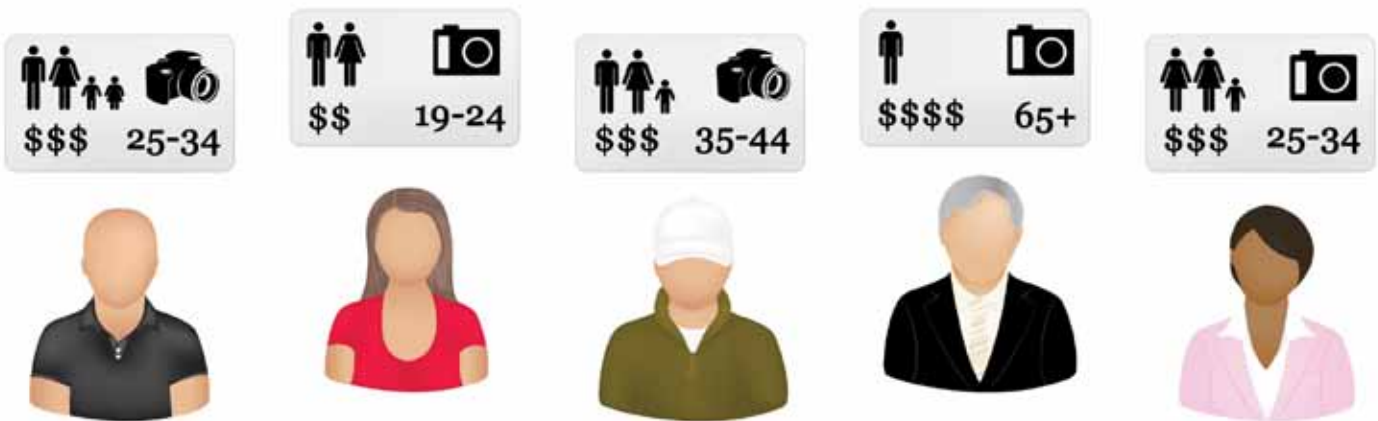
consumer packaged goods and produce farmers know much less. However, no matter what a company knows about a given customer, customer data tends to fall into one of three buckets:

- **Demographic information**, like location, birth year, gender, marital and parental status, and other information about where they are and what life-stage they're in;
- **Psycho-graphic information**, an account of personal preferences, opinions, beliefs, biases, and interests, and;
- **Customer preferences**, the information about a consumers' disposition towards a company's products and services.

It's the nature of the relationship that a customer has with a company that determines how much of which type is shared or collected. However, thanks to the increasing presence of technology in the consumer lifestyle, it's easier to collect more data.

Consider the things you already know about customers even before they opt-in to your mailing list. When interacting with your company, customers disclose information about their interests and themselves both explicitly and implicitly. Customers often share their name and address in exchange for a coupon or some degree of customization, but they implicitly share their interests as they navigate your site and examine your portfolio of products. Offline and in-store, payment transactions create customer records that can be mined, analyzed, and seeded into a customer personalization database.

Using data sources like these to augment a mailing list results in better-detailed customer information, which means accurate and detailed personalization. As firms look to improve their data collection practices, forward thinking players will want to design specific data capture processes into their customer experiences across all media, allowing for



In a business context, all customers have different decision motives. Their characteristics have an impact on purchase decisions.

richer personalization and segmentation—a negotiation that will take place with customers through privacy policies while respecting local and international data-collection laws. Current market trends suggest that customers will continue to accept data collection and analysis so long as it is used to improve their customer experience. If the customer experience isn't front-of-mind, data-based marketing can easily appear invasive or creepy and erode the trust between companies and consumers.

Context

Once a company has a clear understanding of both its offerings and its customers, it needs to define the expected dispositions that customers might have towards products and services. These context rules can be broad (would men prefer this, or women?) or specific (this product is ideally suited to a single male in his 20s who likes mountain biking), and they are the building blocks of the final, personalized message. The matching of content to characteristics is the key ingredient in

personalization and tailoring. It is a good idea for companies to have some high level understanding of business-context, but this is not always the case. In order for the link to be made, rules need to be set up:

- 'If' rules specify the links between attributes and content. For example: if product comes in red and customer likes red, show the red version. Or if person lives in Sydney, show a photo of the Sydney Opera House.
- Multiple 'if' rules allow more advanced personalization: if woman purchased this pair of pants in this colour and at this cost, display coupon for this colour blouse at this amount.

A solid understanding of company-specific and customer-specific information and how to tie them together with business-context rules enables personalization and tailoring of all email campaigns—even en-masse.

At first, human judgement will be required to make educated guesses about which collections of attributes in people favour one offer over another. Eventually, as mailing campaigns generate data about which customized messages resonate best with various segments, statistical suggestions can be put forth by the mailing software. Essentially the audience teaches the marketer what it is most interested in, at a personal and granular level—this is information that can enrich the company-customer relationship in any venue, from email messaging to in-store, mobile-enabled promotions further along down the line.

It's also important to note that sometimes the best message is one that isn't sent. Sometimes a mailing won't be relevant to a customer, and so it's best to not include them. For instance, back-to-school promotions tend not to appeal to a customer in the workforce without children, and Valentine's Day coupons probably won't be appreciated by a customer in the midst of a divorce. Personalization can ensure that customers aren't alienated by poorly targeted campaigns.

CAMPAIGN DESIGN

Good campaigns have clearly-defined goals. A campaign must be designed in pursuit of these goals—whatever they may be. Only with goals in mind can a marketer progressively

implement personalization. A relevant message and a clear purpose should always be at the core of any marketing initiative, since nothing is worse than wasting a customer's time. Marketers can avoid wasting their customers' time and their own budget by clearly defining their goals and objectives, and selecting strategies and tactics that serve them well.

Once a specific objective is determined, strategies are established to reach it. If the objective is to sell a specific volume of a new product via an email campaign, the strategy would be to identify those customers who would be likely to make the purchase and target content to them. The specific tactics would be to provide content that appeals to the specific customer's situation, interests, desires, similar purchases in the past and so on. Custom coupons, deals, or offers could be sent to customers who match the specific criteria of the new product.

Every campaign should be designed so that goals exist to satisfy the needs of both the customer and the company. This way the customer's time is not wasted, and a greater campaign success is assured. Having a good understanding of the goals, strategy, and tactics will also lead to better content, higher quality images, and a clear, well-structured message. Campaigns should be planned with the end in mind.

Getting Technical About Personalization

The wrong tool needlessly multiplies the complexity of personalizing messages. Many companies break up subscriber lists into segments and address a message to each segment. This is typically thought of as personalization—and it is, but it's very crude. Inefficiencies and costs are very high as a result of the labour and replication involved. At its essence this is still a one-size-fits-all approach, just one multiplied by the number of batch deliveries. There is a better way.

An email marketing message is generally built from components like a header, content sections, product listings, images, a standard footer, and some collection of colours. A personalized message has the same components, but individual pieces are mixed and matched based on an understanding of the customer, the product, and their shared-context rules. Here is an example of how a personalized campaign using one template and business-context rules applied:



Campaign content is targeted to each recipient based on their specific characteristics. Messages are unique for each customer.

- There is one default header image for customers whose location is unknown. If the customer's location is known, they will see a region specific header in their message.
- There is one default promotion banner relevant for everyone. The company sets a rule to display a new camera to all customers who have identified themselves as photographers which increases relevance to photography customers.
- The secondary promotional slot has a rule to show content specific to customers who specified interest in video games or televisions or computers or mobile phones. Default products are shown to those customers whose preferences are not known or withheld.

One message template with multiple slots that all allow business-context rules to be applied makes the management and distribution of personalized and tailored campaigns very easy to manage, test and distribute.

The result of tailoring content where it is warranted will generate much higher click-through rates and the customer will receive content that is far more relevant to them. The company can keep most content the same, but tailor smaller portions of their message to generate better results. This is an extremely efficient and effective method of personalized and tailored email marketing.

Crafting The Message

Using a channel diligently is one thing, but the message is what will or won't resonate. And the better the message, the better the results. Personalization means brevity. Since each customer is getting custom-tailored content, the volume drops while the value increases. Companies should favour sending fewer, shorter messages that are more likely to be relevant than collections of offers that may or may not hit the mark. Sending fewer, simpler messages means a straight-forward structure will suffice, and the burden on designers is reduced. A brief, modular approach also increases the opportunity for re-use. Customers benefit from seeing fewer, more highly relevant messages—increasing the likelihood of click-throughs and downstream sales.

Iterate, Iterate, Iterate

A company isn't going to move from kitchen-sink mailings to personalized messaging overnight. It takes time for the messaging (and database behind it) to develop into something impactful. For example, a good first step is tailoring content specific to people based on location or gender. Then based on conversions and feedback from that campaign, further segmenting recipients based on what was learned and what was purchased.

Beyond tailoring messages to consumers, personalized mailings offer the ability to track analytics in a far more detailed and robust way. Statistics are not limited to open rates, or how many people clicked a specific link: granular customer attributes can be stored in an email message as part of every link, letting marketers know which customers clicked through to which pages. A personalized campaign has the potential to track everything from the receipt and reading of a message to adding a product to a shopping cart to purchase completion. This insight into how customers travel from their inbox to the checkout page is called funnel flow tracking. Having the ability to track all the actions resulting from a campaign gives companies far greater power in measuring the ROI of mailing campaigns, as well as guidance on planning future campaign strategies.

BUILDING CUSTOMER LOYALTY

Raised awareness and increased loyalty are cornerstones for boosting recurring revenue. New revenue streams are great, but it's loyal customers who are the most profitable. Customer loyalty is built on trust of products and services, and brand. By keeping them happy and engaged, revenue from loyal customers becomes sustainable revenue. Marketers should therefore focus their efforts on building loyalty, which exists on a continuum: Before anything else, a potential customer must *notice* a company. Second, a consumer must *remember* a company, and associate it with their wants or needs. Third, the customer must *trust* that the company can deliver on its promises. Customers can and do trust multiple, often competing, companies, so the final step is for the customer to *prefer* your company over all others.

All marketing communication should be tailored to ensure that you are moving from being noticed to being preferred. There is one simple way to achieve this: be relevant. Some messages will be relevant only to new customers, some only

to high-value long-term ones; others may be relevant to everyone. Everything else is scattershot.

Consider the difference from a customer perspective between receiving a generic, one-size-fits-all broadcast message and receiving one that was designed specifically to suit their interests. A number of other factors need to coalesce to result in a sale, but the tailored message has a much better chance of resulting in a conversation and then a sale.

CONCLUSION

Today's email paradigm is broken and has overstayed its welcome. Technology should no longer bind email marketing to mediocrity, instead it should be leveraged to use the medium in exciting and engaging ways. Understanding your customers is a competitive advantage, and using that understanding to build a real relationship—not just the appearance of one—is what will differentiate good firms from great ones. ■



Personalization means customers receive relevant and tailored content.



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As a solution strategist at T4G, he is charged with the strategic implementation of personalization and communication solutions from customer data acquisition to digital

marketing deployments. Jason has a deep understanding every step in the digital marketing and communication process from technical and visual design to regulatory adherence.

In the late 1990's Jason founded an email marketing firm providing application solutions and campaign strategies for over 80 companies and organizations. During his 10 years as principal, he has provided insights and guidance to marketing experts, consultants, national political party staffers during a heated election, businesses, and large not for profit organizations.



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Jeff DeChambeau is a research analyst at T4G. Jeff works with T4G's subject matter experts to develop and present their point of view on current and future trends. His own research

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Jeff presents regularly on topics from social media to the changing nature of identity, and has delivered custom presentations and workshops for clients from industries as varied as banking through to consumer packaged goods. Jeff holds a B.A. Specialization in Philosophy from the University of Western Ontario.



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T4G was founded on a belief that it was possible to build an organization and culture capable of delivering complex solutions while being innovative, creative, customer driven and fiscally responsible.

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