

Lifecycle Email Marketing

YOUR TOP LIFECYCLE EMAIL MARKETING QUESTIONS ANSWERED

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Lifecycle marketing is changing the way companies interact with prospects and customers through the email channel. This white paper explores five common questions and some ideas on how to jumpstart your lifecycle marketing efforts.

“Online travel agency Hotwire reports that their remarketing emails are up to 16 times as effective in generating conversions as their mass distribution mailings.”

Source: Jupiter Research

A Shifting Marketing Approach

Best-of-breed marketers are shifting from product focused to customer focused email programs. Traditionally, email marketers spent the majority of their time producing and sending one-off campaigns. By adopting a lifecycle approach, marketers are not only generating more timely relevant messaging, but they're also using automation to free themselves up to focus on planning and optimization. This approach has a strong emphasis on program orientation and customer-driven timing.

What this means is instead of sending generic mass email campaigns, you're focused on implementing “set it and forgot it” programs that are always working in the background to help you reduce cost and improve ROI.

To do this, you must shift your focus to identifying, understanding, and nurturing your best customers so you can send them highly personalized and relevant communications that speak to where they are in your overall customer lifecycle.

Traditional Marketing Approach

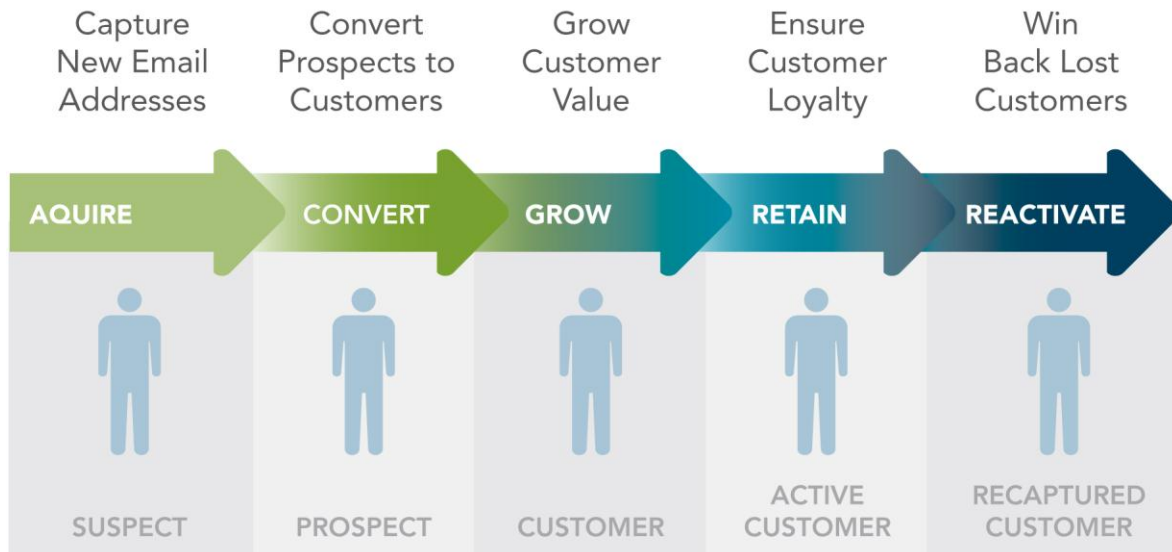


vs.

Emerging Marketing Approach



Identify what marketing programs will help you..



Quite simply, lifecycle marketing is the best and fastest way to make a big impact on the revenue contribution of the email channel. The only way to stay on top is to evolve through the implementation of lifecycle marketing programs to your overall direct communication mix.

“Shopping cart abandon-ment programs that merge email, web analytics, and e-commerce data can result in conversion increases of more than 100%.”

Source: Forrester Research, 2008

Some Numbers to Consider:

- Worldwide email traffic expected to double between 2009 and 2013 (reaching 507 billion messages per day).

Source: Radicati Group, *Email Statistics Report, 2009-2013*, April 2010

- Email marketing tends to have small teams and modest budgets... especially given the channel's high ROI.

Source: EmailStatCenter, *Compensation & Resources Study*, July 2009

1 What makes a great lifecycle marketing program?

In order to create a highly effective lifecycle marketing program, there are five core requirements to fulfill:

- 1. Clear program goals**
You should clearly determine why you are contacting the customer and what call-to-action you want them to take. Each campaign should have a clear business purpose and also a strong value proposition for the recipient.
- 2. Tightly defined business rules**
Consider program timing and cadence in light of other automated and scheduled campaigns. To do this you'll need to map out your communications to various segments at different points in the lifecycle. Identify the behavioral triggers that will cause a customer to enter and exit each messaging stream, along with necessary suppressions.
- 3. Thoughtful segmentation**
Effective list segmentation is essential to improve the relevancy of content delivered. Consider classic segmentation models such as RFM (recency, frequency, monetary value) or start with something simple like prospects versus inactive customers versus active customers.
- 4. Compelling relevant content**
The right message at the right time is what differentiates lifecycle marketing from promotional marketing. Email personalization is essential to building a trusted relationship.
- 5. Creative designed for email**
Best practice-compliant email creative is an integral part of your messaging. Most readers spend three to five seconds scanning an email before deciding whether to read or ignore it. It is critical to do everything possible to make sure they open and engage with your message.

2 How do I measure success?

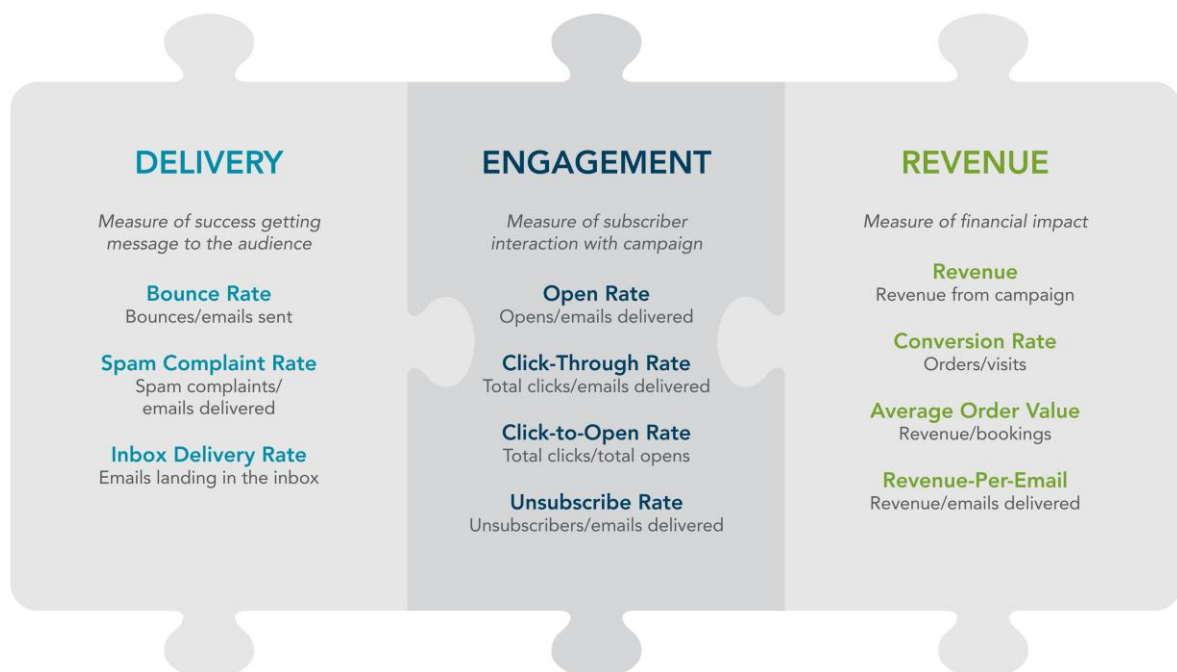
To effectively measure success, you need clearly defined goals and access to the right metrics. Before you launch a new lifecycle program, decide which metrics you'll use to gauge performance. Common lifecycle marketing goals are to:

Calculate Benchmarks for All Programs & Segments

- Increase conversions
- Increase revenue
- Increase share-of-wallet
- Increase customer engagement
- Increase brand buzz
- Increase referral rate
- Decrease attrition
- Decrease customer servicing costs

An important way to measure success is to compare results against benchmarks. Your best benchmark will be your own past performance. Email channel averages and industry-specific statistics can be directionally helpful. They can tell you if you're performing in the general ballpark of your peers. However, you'll learn more by mining your own trend data and looking at results by campaign type. For example, you may benchmark your results for promotional campaigns, newsletters, lifecycle programs, and transactional email. Just be sure to include enough data to account for seasonality, by using at least a 12-month time frame.

Define your success measures before launching



3 How do I get started?

Audit Email Channel

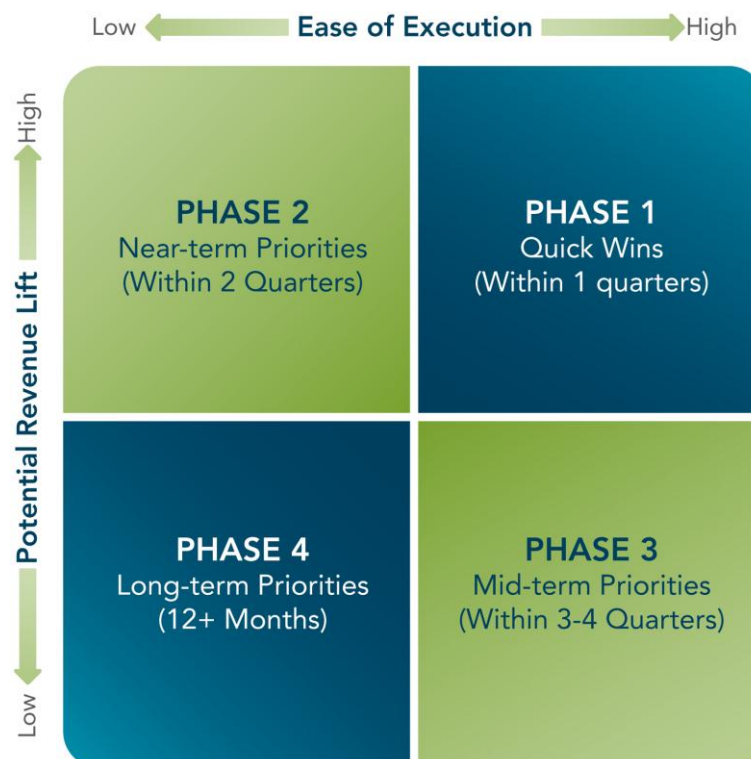
The best way to get started is to conduct a review of your programs. Create a holistic overview of what you're sending including messages that may be pushed from different systems such as transactional email. Map out all current "touches" across the customer lifecycle to determine if you have any gaps. Honestly evaluate whether you're communicating with a consistent voice and brand through every campaign you send.

Prioritize key initiatives

You can create a very clear roadmap by taking key stakeholders through a prioritization exercise. Simply rate each new program or enhancement on two criteria:

- Revenue impact
- Level of effort

The result is a matrix like the chart below showing which programs you should tackle first.



Technology and Data

Many email marketers are chronically under-resourced for the revenue they generate. Common technical limitations include strained IT resources, few integrations, decentralized customer data, and limited or no access to analysts who can build predictive response models.

That shouldn't prevent you from getting started with lifecycle marketing! Look at the data you have available right now and use it to your advantage. Some of the customer data that you likely have access to today includes:

- Tenure of email subscription
- Date of last email opened/clicked
- Past purchase behavior
- Top products and services
- Top searches on your web site

In conjunction with this information, any API data such as Omniture and Bazaarvoice, can help determine data transfer frequency for some of your messaging needs.

Creative and Production

In the beginning stages of building your lifecycle efforts consider investing in a modular template that will enable rapid production without “rebuilding the wheel” for each lifecycle marketing program.

This type of template enables maximum flexibility for the development of multiple programs and customized email configurations. It allows you to layer in more complexity and dynamic content over time. As your programs and capabilities evolve, more modules can be added.

Although it may be a larger upfront investment, a modular template will pay off if done correctly. It is an essential tool in enabling you to spend more time on important tasks such as strategy, testing and planning versus the endless cycle of creative production.

A modular template is a pre-configured series of flexible modules that can be added, removed and arranged as needed to support a variety of program needs.

4 What should I be testing?

Testing is a critical component in all successful email marketing programs, but it's even more important in lifecycle-driven strategies. When defining business rules you want to take an objective, data-driven approach rather than a subjective opinion-driven one.

Special Considerations for Testing in Automated Campaigns

- Audiences are often smaller, so make sure your test results are statistically significant.
- Use a control group hold-out to measure incremental lift (this is the key to capturing executive support).
- Test as much as you can up-front through a pilot before automating, because it can be costly and cumbersome to change business rules once a program is built. Remember, pilot programs can help you validate the assumptions in your business case and demonstrate ROI to your executive team.
- Start with your “best guess” based on data you do have such as any incentives that are known to be successful.

It's important to make sure your test plan is realistic and achievable given your production realities and resources. Several easier testing options include:

- Subject lines
- Call-to-action, offers
- Graphical buttons
- Navigation/footer link
- Recovery content

A next phase testing plan could include personalization, basic segmentation, template design and secondary content modules.

More sophisticated testing would incorporate advanced segmentation, timing and cadence, and tiered or progressive lifecycle programs. An example of a highly advanced testing scenario would be to measure the impact of single welcome message versus a four-part series over a month with an offer.

TESTING BASICS

Test only one element or variable at a time



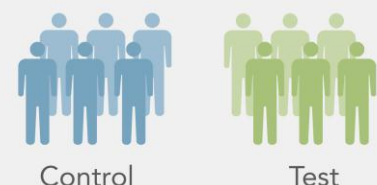
Conduct tests at the same time

S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Tests must be statistically relevant



Maintain control groups



5 How does social media fit in?

The online marketing landscape has shifted with the recent explosion in social media usage. A year ago, about 18% of email subscribers regularly visited social networking sites. Today, it is closer to 62% and growing. That's led many to question the long-term effectiveness of the email channel.

Source: Worldata Email Usage Study Q4 2009, The Neilson Company



On the contrary, data shows individuals who use Facebook or Twitter at least once a week are 38% more likely to open email promotions. Social media makes people consume more, not less, email.

Email and social media naturally complement each other by empowering customers to tailor commercial relationships to their preferences. Social media has nicely allowed more opportunities for companies to “continue the conversation” with their customers and enhance the overall relationship.

A key opportunity with social media is the option to include SWYN (Share With Your Network) within email footers and navigation links. When developing SWYN within your lifecycle marketing programs, it is critical to understand what factors influence customers to share including:

- Contributing to the conversation
- Self-Interest
- Altruism
- Validation
- Affinity

It is also important to recognize what makes content shareable including:

Of course, this means, you must have an effective presence and strategy in the appropriate social media outlets!

- | | |
|----------------------|--|
| • Trustworthiness | • Ease of sharing |
| • Tribal interests | • Creates value |
| • Reward/Incentives | • Social acumen and adoption among subscribers |
| • Content | |
| • Simple and obvious | |

Final Thought

The most important piece of information to take away from this document is that your organization must start talking about how lifecycle marketing can benefit your bottom-line.

No matter your size and limitations, there are always “low hanging fruit” you can start with to demonstrate viability and profitability. Once initial success has been validated, you can explore other opportunities to expand your lifecycle marketing initiatives.

About Us

WhatCounts, a private Seattle-based company founded in 2000, is a leading email technology innovator offering a fully integrated lifecycle marketing platform supporting dynamic and targeted content delivery, robust segmentation, API and transactional capabilities as well as integrated video and social media tools. WhatCounts offers deliverability management, strategic coaching, best practices benchmarking, CRM integration and advanced analytics facilitating ROI maximization. The robust WhatCounts platform is delivered as a hosted Web-based SaaS application and as part of the unique Broadcaster™ on-premise appliance line.



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