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Database Marketing is the only UK magazine that covers the tools and techniques used for both business-to-consumer and business-to-business customer management today. Every month, it addresses critical topics like customer retention, profiling and segmentation, data selection, site location and campaign management through a combination of regular software reviews, articles and opinion. If you want to know more about tools like data cleansing packages, OLAP analysis software and GIS, this is the magazine to read.

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Does email's low delivery cost make marketers lazy? Robert McLuhan finds out why targeting is still much neglected in email marketing.

Target your email

The beauty of email is that being so cheap it's possible to send messages to an entire database without having to worry about segmenting or targeting. But that doesn't mean it's a good idea to do so. For although there is no waste in terms of print and postage to consider, it makes more sense to offer customers and prospects something relevant rather than irritate them with pointless messages.

Sadly, most companies seem wedded to the "batch-and-blast" method. In a recent Alterian survey, 70 per cent of those polled said they applied only basic analysis to any of their email campaigns, or none at all. Only 29 per cent claimed to carry out full analysis, and they tended to be those who integrated their email campaigns with offline direct marketing activity.

Standing alone

"There tends to be a much more maverick free-for-all approach, as if all targeting intelligence gets erased as soon as the word email is mentioned," notes Viv Gray, sales manager at Corpdata.

Yet there is evidence that applying the same level of thought and preparation at the planning stage as one would (or should) with direct mail can transform

response rates. MarketingSherpa's recent Email Benchmark study showed that segmenting an email list and using it to send appropriate messages to each segment could increase click-throughs by as much as 70 per cent.

So why are companies not taking advantage of this? At the very least, most already use some kind of demographic segmentation when contacting their customers by mail or phone, and it should be possible to test this online. Segmenting by recency, frequency and monetary value (RFM) is another logical and relatively straightforward way to make email campaigns more relevant.

One problem is the classic "siloeing" of email-related data. Although companies may hold masses of relevant information about customers and prospects and apply it to other direct channel work, this is often stored completely separately to the data and tools used for email. Indeed email may still be dealt with by a separate department, even IT, or put out to an agency.

Without proper integration, it will not be accessible for email campaigns and makes applying the traditional targeting approach difficult. Recent research by

E-consultancy and Adestra showed that many email marketers struggle to integrate email with the rest of their business activity; eight in ten respondents lacked the technological capability.

These companies are missing opportunities in both directions. As well as employing existing data for email targeting, all kinds of customer information can be gathered via email, and this should provide various opportunities for segmenting both on and offline. From the moment a customer opts in to a company's email marketing it already has some basic information about them: where they signed up – online, offline, in a high street store – whether they made a purchase, and if so what, and so on. Such basic information could form a campaign based on how recently they signed up, and the channel by which they used to subscribe.

A rich resource can be found in transactional emails such as receipts, booking confirmations and invoices. Antonio Ferrara, strategic services executive at Premiere Global Services, believes these are often under-used by marketers. "The marketing should be tailored to the recipient and the transaction," he says. "Failing to include targeted marketing information into a transactional email is a wasted opportunity because it gives you at least one means by which you can begin profiling your recipients."



It's a challenge for any marketer to keep on top of personal preferences

Ed Henrich, VP strategic services, Responsys.

Another approach is to get web and email newsletter subscribers to provide details about themselves and their interests. "A few relevant fields in the initial opt-in form could provide enough data for segmenting and targeting from the word go," says Denise Cox, newsletter specialist at Newsweaver. Even if email campaigns start by mailing the whole list, recipients should be encouraged to provide details that can serve for segmenting in the future, she points out.

"This way the database details grow organically, and as the subscriber engages in the mailings they see the value in providing more information." Another technique is to run surveys or competitions, which encourages readers to provide useful data.

Segmenting can be carried out based on quite straightforward variables, the kind that should be readily available. For instance the database can be separated into three groups: those who signed up on the website, those that have made a single purchase, and those that have made multiple purchases. It can be as basic as separating out customers from prospects,

which as CLM Fleet Management has discovered leads to improved results. The company's newsletter is now customised to the relevant group, with a picture and sign-off by the appropriate sales team member.

Corporate sales manager Robert Wentworth-James says: "By skilfully manipulating a single newsletter, we are able to reach different audiences and not have our existing clients hit with sales copy normally reserved for prospects."

Simple segmentation

City & Guilds uses Communicator's email platform to target its monthly newsletter effectively, as many recipients are interested in not just one course but in several, and these are likely to change over time. With over 20 industry sectors, there are multiple combinations of sector updates that need to be catered for. An automated personal data manager handles each customer's interests and preferences.

The company initially sent a message to its entire database asking customers to follow the link and update their preferences. The version of the newsletter they receive can be automatically tailored with relevant content. Each newsletter reminds recipients that it contains personalised, relevant updates and offers a reminder to update their preferences.

Over the six-month period to February this year when the company has been using the module, there has been a 14 per cent increase in unique clicks for the monthly newsletters, while unsubscribes have been almost eliminated.

Alternatively, automated campaigns can be set up to target individuals at trigger points such as insurance renewals. This route is followed by Endsleigh Insurance Services, which stores details of people who ask for quotes, and contacts them the month before their policy is due to expire.

Rather than stick to the expiry date criterion, the company takes the opportunity to ask recipients when they would prefer to be contacted and creates personalised messages on factors such as car type, property type, occupation and previous quotations. As a result of this close personal targeting, its email campaigns are now gaining open rates of up to 36 per cent.

Email enjoys an enormous advantage over traditional direct marketing in its ability to provide very precise data about recipients' clickthrough behaviour, and this too offers rich opportunities for targeting. For instance, an initial one-size-fits all e-newsletter mailed by a travel company will lead to some people clicking on city breaks and others on cheap backpacking holidays, providing a basis for segmentation in future campaigns.

"Every time you send an email you learn a little more about your audience and how they are going to interact with you", says James Bunting, head of client services at Communicator.



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Indeed some specialists feel that segmenting by people's behaviour is more productive than using the information they volunteer. An especially profitable approach is to monitor website activity for individuals who abandon their shopping cart before making a purchase. This can trigger an email asking what the problem is, and perhaps offering a discount to complete the purchase. Alternatively web browsers who fail to make a purchase can be contacted on the basis of the product categories they looked at.

Ed Henrich, VP strategic services at Responsys, says: "In surveys people don't always tell you what they are going to do, and their personal preferences may change over time. It's a challenge for any marketer to keep on top of those preferences and keep them updated."



Some quick maths shows what a huge opportunity this is

Hollie Williams, client strategy executive, Adestra.

He points to a recent study by Jupiter which shows around a four-fold increase in conversions being achieved as a result of this activity. "Those are things that our clients have seen to be very effective. Even if it yields a small income, the return on the cost of the email is huge," Henrich says.

Some companies are succeeding in drawing together a range of criteria in order to make their email campaigns highly targeted. As an example, Henrich cites the case of Sereneta Flowers, which sends personalised emails to customers based on purchase frequency and customer profitability, as well as on demographic information such as location, price range, and past-purchase behaviour. In addition, the firm makes recommendations based on past purchases and incorporates a reminder service that keeps track of the special occasions that each opt-in customer has ordered flowers for, such as birthdays and anniversaries. Finally, it surveys customers about their experience, and if someone rates it highly that triggers an email requesting them to forward it to a friend.

Keep trying

One of the strongest methods in email is to continue to target individuals who have shown some degree of interest but did not make a purchase first time.

"Some quick maths shows what a huge opportunity this is," says Hollie Williams, client strategy executive at Adestra. "If you have a five per cent clickthrough rate and a 20 per cent conversion rate on your site, it means that for every five people who click through only one is converting. Therefore, targeting the other four who have shown a clear interest with persuasive

communications will increase the conversion rate and revenue significantly."

Confirmation of this comes from a campaign carried out by online retailer mouse2house, which re-sent its e-newsletter to recipients who did not open it first time. The message was opened by two out of five, and one in ten clicked through to the company website. The newsletter generated a 35 per cent increase in sales, of which nearly a third were generated by the second send.

In business-to-business, it is natural to target by business types. Thomson Directories, one of the main sources for b2b data, groups its half million records into 1800 classifications, which means they can be selected and segmented by business type, size and geography. A particularly important detail is getting the relevant job contact, an area that Thomson is making efforts to grow, particularly for larger companies where a single contact in a record is unlikely to be the required one.

Thomson can match clients' own lists to its email database, but according to product manager Fiona Scully most prefer to ask the company for a list created on quite simple criteria, such as businesses in the south east with 15 employees. This particularly applies to companies selling such things as hospitality services, office equipment, or 0845 numbers. Those that can afford it can have particular requirements tele-researched.

"For instance a company might start with a list of all businesses in the south-east with more than 50 employees, but select those that have more than three meeting rooms, the kind of precision that can only be provided with bespoke call centre work," says Scully.



You can segment not just by business types but also by previous activity

Fiona Scully, product manager, Thomson Directories.

The degree to which marketers can target with email depends to a large extent on the quality of the technology they use. A good solution provides an ability to easily segment lists both before and after mailings based on available information, demographic, product purchase, and on statistical results. A key ingredient is good measurability and trackability, which is what makes it potentially such an exciting medium. The platform should provide a decent level of analysis: how many messages were delivered, opened, and bounced; who clicked through, and on what, and with what results.

"Personalisation is key, and relevancy will become more and more important," says Scully. "We can tell

which recipients read which emails, for instance whether they click on all of them or just the technology ones, and in that way we can start to build hefty profiles. Then you can segment not just by business types but also by previous activity. You know that if people have a strong technology bias, there is no point sending details about stationery because they will never open that."

The very least that a package should offer is some means of personalising, which research by Communicator suggests will boost click rates by up to two per cent. "There is no excuse not to include a personal greeting in an email campaign," says Bunting. But the more sophisticated packages go further, he points out, offering an ability to alter the content according to the recipient's previous behaviour, and talk to them in a relevant way.

"If that recipient opened the last email at 8 o'clock on a Wednesday evening, then why not make sure that the next email is sent at the same day and time? That's the sort of thing that basic packages can't do," Bunting says.

Simple to start

The upshot is that there are plenty of straightforward segmentation and targeting approaches available to email marketers, even if they don't have access to much or any other data gathered and used in other

A licence to spam as email legislation goes unenforced in UK

Osborne Clark, a law firm specialising in data protection, has found that many countries are failing to adequately enforce EU wide rules designed to protect against unsolicited commercial email. The UK is one of the worst performers: the agency responsible for enforcement has taken no reported formal action to enforce the law in the three years since the rules were introduced. Austria, Germany, Italy and The Czech Republic are the most active in protecting business and consumers against unsolicited email, bringing 50 cases each in the last year.

"If there is no official enforcement of the rules, it is not surprising that responsible marketers wonder why they bother to comply," says head of marketing Steven Groom. "With research suggesting that over a third of businesses are sending unsolicited emails that break the law, this is obviously a law that needs enforcing. An EU standard for enforcement and penalties would create a level playing field for businesses who comply."

channels. Merely separating customers from prospects can boost results, and more sophisticated approaches can be carried out without the need for extensive analysis.

A rich source of information is provided by the reporting capability in most email packages and services, and this can be supplemented by details that recipients provide themselves. And the results that some companies are achieving suggests that marketers who fail to make the effort in this regard are simply missing opportunities with little in the way of excuses. ■

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