

**SMARTER  
MARKETING**



# Advanced Lifecycle Email Marketing Guide

A best practices briefing for high email volume businesses to take their email marketing to the next level

Author: Kath Pay



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# Introduction

## Why an Advanced Email Marketing guide

A lot of best practices are shared on making email marketing more effective, for example, how to improve email creative and copy. For larger brands, email marketing is a vital driver of sales from prospects and customers, yet to improve results, more complex issues reviewing email communications strategy need to be improved to get the biggest gains.

In this guide, Email Marketing Expert Kath Pay explains the key success factors that you need to review in your email communications strategy focusing on advanced techniques most relevant to transactional Ecommerce businesses and larger organisations in sectors like Retail, Financial Services and Travel.

## Who is this guide for?

This guide is aimed at managers responsible for growing online revenue by integrating different communications channels in larger organisations or businesses that are already fairly sophisticated in their email marketing.

This includes a range of managers involved in defining and implementing email communications strategy including:

- ✔ Email marketing programme managers
- ✔ Marketing Directors and managers
- ✔ Digital Marketing and Ecommerce Directors and managers
- ✔ Company owners, CEOs and Financial Directors
- ✔ CTOs, CIOs and IT managers

It will also be of direct interest to those specifically responsible for managing Email Marketing in an organisation.

## What does the guide include?

The guide covers the key strategic communications activities which are Targeting and Communications from our [Email Marketing Benchmarking template](#).



It gives advice on planning, implementing, testing and optimising these three key activities:

1. **Email value proposition.** Auditing and selecting relevant broadcast (newsletter and campaigns) and automated communications throughout the customer lifecycle including Welcome sequences, customer on-boarding, repeat sale, engagement and reactivation.
2. **Targeting.** Delivering relevance by improving segmentation and targeting customers with different value including predictive analytics.
3. **Frequency.** Selecting the best frequency for different types of email depending on the engagement and value of the subscriber.

## About the Author

Kath Pay



Kath lives and breathes email marketing, she is not only a world renowned speaker and trainer but practices her art with her consultancy, [Holistic Email Marketing](#), where she is Founder and CEO. Many years ago she coined a phrase, Holistic Email Marketing and not only practices this approach within her consultancy, but also teaches it to her students and clients. She is one of the World's Top 50 Email Marketing Influencers (Vocus, 2014).

Kath is well-known for her conversion-focused approach and is a huge fan of testing and optimising. She introduced the principles of consumer psychology and behavioral science into email more than five years ago, and this, combined with conversion-centered design; are applied throughout the customer journey within Kath's holistic approach to email marketing.

She is recognised as one of the UK's leading Email Marketers and heads up training for Econsultancy in the UK on Personalisation and Email Marketing.

You connect with Kath or follow her insights on [her LinkedIn page](#).

### About Holistic Email Marketing

Spearheaded by Kath Pay, a recognised industry thought leader, our consultants are some of the most experienced and successful email marketers in the industry, renown for their passion and vision for relationship-driven, holistic marketing strategies.

We help companies, across all sectors and of all sizes to better achieve their email marketing objectives. We equip them to think differently about email marketing and help them to harness the strengths of email marketing in order to make it work harder.

### About Smart Insights

Smart Insights provides actionable learning resources to help businesses improve their digital marketing results. More than 125,000 Smart Insights Basic members use our blog, sample marketing templates and weekly Digital Marketing Essentials newsletter to follow best practices and keep up-to-date with the developments that matter in digital marketing.

Thousands of Pro, Expert members from over 80 countries use our planning and management templates, guides and video courses to map, plan and manage their marketing using the Smart Insights RACE Planning framework.

# ONE.

## Lifecycle Marketing

### What is lifecycle marketing

#### What is it?

A marketing model that incorporates customer data into each email message that recognises where each customer is in his/her personal lifecycle with your company and brands.

Email is like clothing: One size does NOT fit all.

The “batch and blast” model of email marketing – sending the same message out to all customers regardless of their demographics, interests or history – is rapidly giving way to lifecycle marketing, which brings you as close as you’ll get to two-way conversations with your customers. The benefit of this being that the happier the consumer is with your company & products, the more likely they are to return and recommend you.

Lifecycle marketing integrates your ecommerce and email databases to generate highly personalised messages to your customers. It’s a foundation for the “customer journey” sales and marketing model that identifies how customers move from prospecting and research to first and follow-up purchases, moving on to loyalty and post-loyalty (inactivity, loss to competition, etc.)

#### Lifecycle marketing and the „holistic“ email marketing approach

Instead of focusing on pushing out one campaign after another, your email team looks at your customer’s entire customer journey with your company and its brands and optimises messaging to align with various touch points along that journey.

Holistic email marketing is a much more comprehensive approach which widens the focus away from email-only to consider all of the messaging sources, which includes:

- ☑ Search via PPC and SEO
- ☑ Opt-in process with the aim of making it more prominent and friction-free
- ☑ Landing pages aligned more precisely with search results and email content
- ☑ Remarketing to reduce losses from browse and cart abandonment

Three ways lifecycle marketing leads to a stronger customer experience:

- ☑ **Recognises customers as individuals:** You’re marketing one way to prospects, another way to those who have just made their first purchases, and still other ways to both long-term, high-value customers and those who have fallen off the radar.
- ☑ **Aligns with their point in the lifecycle:** Lifecycle marketing is closely allied with the marketing model that matches messaging to key points in the customer’s journey with your company and its brands. These emails recognise where your your customers are in their individual lifecycles.

Customers now not only expect this personal touch, but also appreciate it, which in turn gives your emails greater value, making them more compelling to open.

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- ✔ **Delivers greater value and results:** Because these messages are intrinsically more valuable, your subscribers are more likely to open and act on them, thus driving greater results for your email marketing messages no matter whether you measure results by sales or some other key performance indicator (registrations, opens, clicks, downloads, video views, etc.).

**Lifecycle marketing incorporates but doesn't center on broadcast email.** At its highest level, lifecycle email marketing is as close to a 1:1 experience as you can get without personally creating each message yourself.

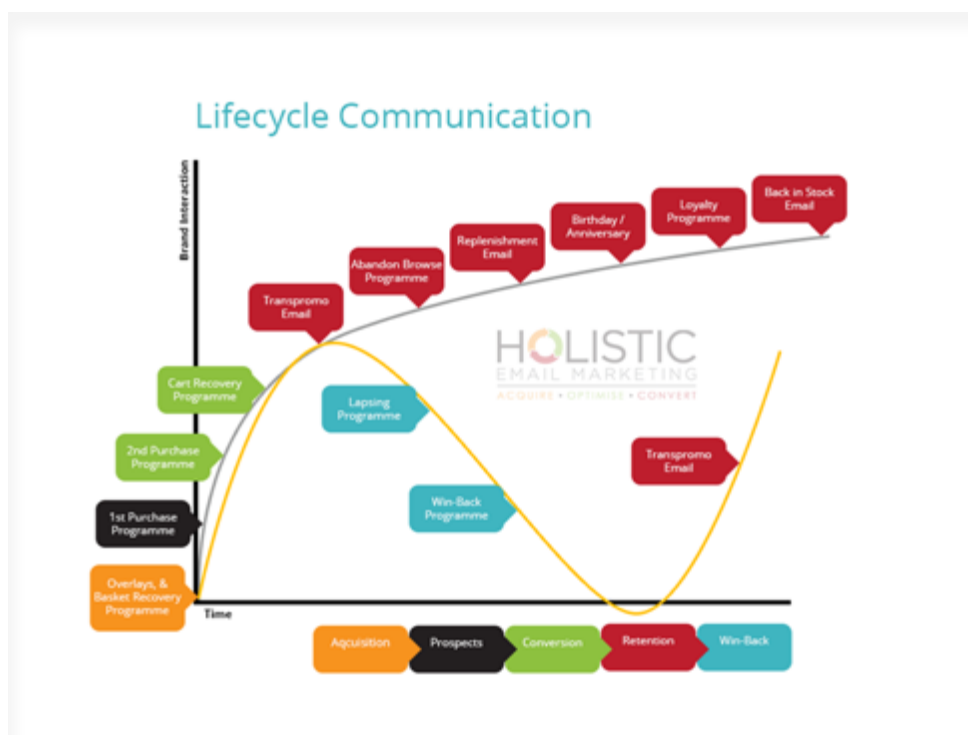
Broadcast email – a uniform message sent with minimal or no personalisation – moves from center stage to a supporting role in your email programme.

Many lifecycle email messages use standard templates personalised by a customer's data (think welcome or abandonment-reminder emails). This drives an additional benefit: You spend less time creating day-to-day email campaigns and more time focusing on strategy and other factors that will improve your email programme.

This marketing model adds strategically chosen broadcast messages into a dynamic message matrix that reflects each customer's interests, past purchase/browsing and other activity on your website, plus individual personalisation data points such as loyalty programme status, location, preferred locations and brands, etc.

#### Best Practice Tip 1 Action identify gaps in your lifecycle marketing

Using the visual on marketing below, I encourage you to take some time to list opportunities where lifecycle marketing could help you reach out to customers that your current email programme doesn't permit.



Source: Holistic Email Marketing

## How to audit your approach with relevant KPIs

A lifecycle marketing programme requires strategic, long-term planning, not just moving from one campaign to another as the calendar or the office workflow dictates.

Define your overall email-marketing objective and then choose the most relevant key performance indicators that will capture and communicate your results.

Below are the five basic stages of a lifecycle marketing programme for ecommerce, and a chart listing the relevant objectives, tactics and KPIs for each stage:

### Acquisition

#### What is it? Email acquisition

The process of acquiring new email subscribers from various sources, with the highest-value subscribers being those who opt in to your email programme.

Securing the email address even if the customer hasn't purchased yet is the key objective here because the email address, obtained with permission, is the building block for every email programme in a sustainable lifecycle marketing programme.

#### Suggested programmes:

- ✓ **Account/newsletter registrations** using forms on your website
- ✓ **Overlays** ("pop-overs") shown temporarily to browse abandoners on your website
- ✓ **Basket Recovery Programme** uses an overlay which appears when they've added an item to the basket but are about to leave. The overlay offers to send the basket items to the abandoner's email address – permission to market is gained.
- ✓ **An opt-in invitation and form** placed prominently on every page of your website
- ✓ **Checkboxes** authorising opt-ins included in transactional emails (order or download confirmations)
- ✓ **Social media campaigns** promoting email content and opt-in
- ✓ **Mobile app** campaigns within the app itself

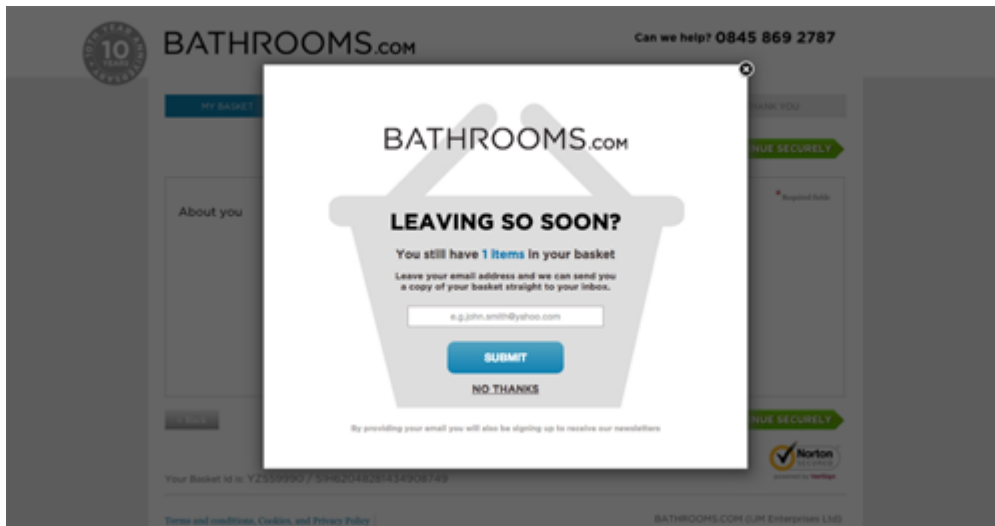
#### Recommended resource Growing Your email list

[This online learning topic explains list growth options in more detail.](#)

This Basket Reminder example for Bathrooms.com shows a simple but effective way of not only capturing permission but also of converting to the first sale.

One of cloud.IQ's clients gained the following results from their Basket Reminder campaign:

- ✓ 4.22% of those presented the overlay asking for their email address, provided it
- ✓ Of those who provided their email, 53.19% clicked through the email to their basket
- ✓ Of those who clicked through to the cart, 46.98% purchased.
- ✓ The AOV of purchase was 71.49% higher than the basket value (i.e. when they abandoned).
- ✓ The uplift of this campaign against the total of sales for this period was 3.13%.
- ✓ The ROI was 11,387%!



Source: cloud.IQ

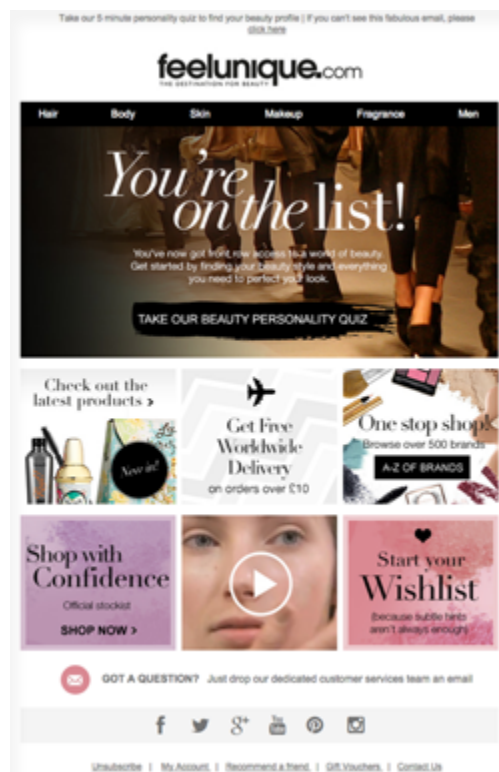
### What is it? Prospect

Email subscribers who have signed up for your email or have registered for an account, but have not made their first purchases yet.

### Suggested programme:

- Welcome Subscriber/1st Purchase** programme using a set of triggered emails sent over a defined time period to welcome your new subscribers, manage their expectations and move them swiftly back to your website to make their first purchase.

This example of a 1st Purchase Programme/Welcome Subscriber email from Feel Unique ticks all the boxes. It's welcoming and makes you feel special, whilst at the same time, it's intention it to drive you back to the website to make a purchase.





## What is it? Email conversion outcome

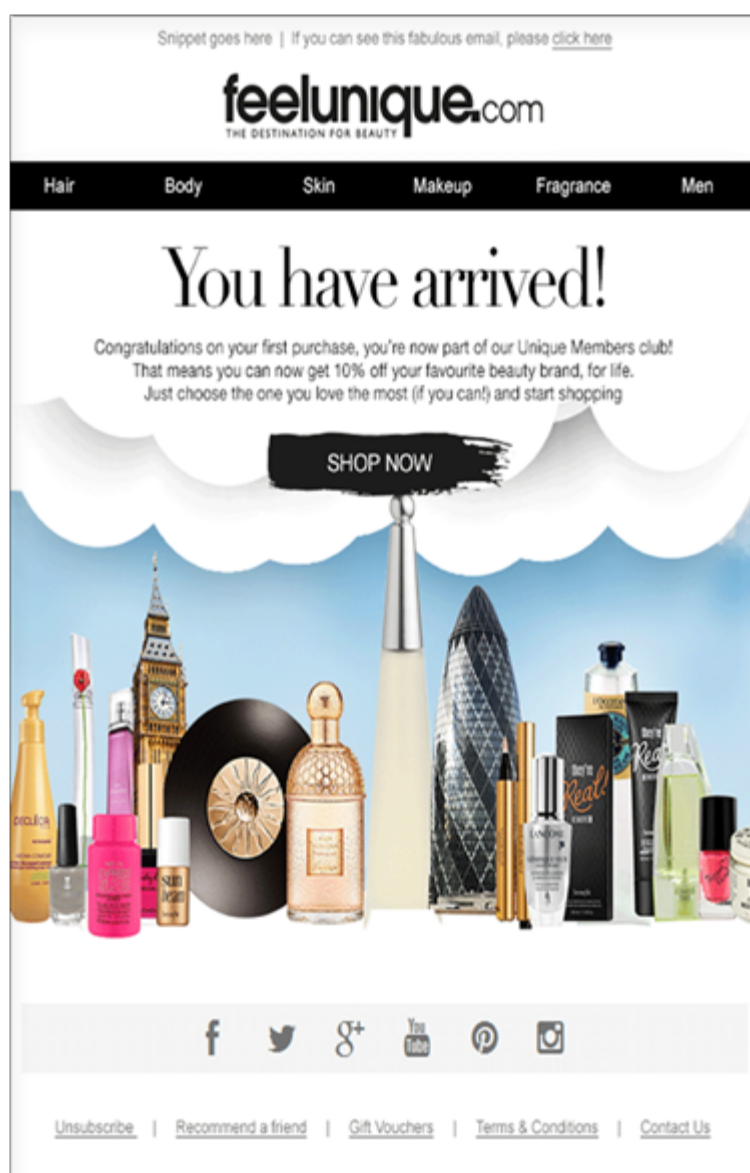
In email marketing terms, what your customer or subscriber does in response to your offer or call to action.

We often think of conversions as purchases, but they also can include opening or upgrading an account, joining a loyalty programme, downloading white papers and user guides, viewing videos, signing up for a webinar or conference – the conversion happens whenever your customers do what you ask them to do.

Suggested programmes:

- ✓ **Welcome Customer/2nd Purchase** programme intended to encourage the first-time buyer to make purchase again and again. Tactics that belong in this programme include cross-selling, upselling, information-focused messaging, loyalty clubs and buyer-only incentives.

The email below, again from Feel Unique, is a brilliant example of a well-constructed 2nd Purchase Programme/Welcome Customer email.





## What is it? Email retention programme

Keeping the customer an active participant through repeat purchases and outreach programs (loyalty club, frequent-buyer programme)

Suggested programmes:

- ✓ **Replenishment reminders** tied to normal product cycles sent to customers who purchase consumables such as foods and beverages, cosmetics and skin care, pharmaceuticals, baby products, office and cleaning supplies and the like or to products nearing the end of their expected lifespan such as shoes or electronics.

I love this email from Argos – it's timely, valuable and very customer-service oriented – and guess what? It generates revenue.

The screenshot shows an email from Argos. At the top, it says "We've matched the right ink cartridge for the printer you purchased from us - shopping made easy!" with links to "View this email with images" and "Send email to a friend". The Argos logo is prominent, along with a "Tell us about yourself to win £500" link. A navigation bar lists categories: Technology, Home & Garden, Baby & Nursery, Toys, Sports & Leisure, Health & Beauty, Clothing, Jewellery & Watches, Gifts, and Price Cuts. The main content starts with "Hello," followed by "Running out of ink? Need more photo paper?". It then states: "At Argos we want to make things easy for you so we have matched the printer you bought from us with the right ink and paper." Below this is an image of an Epson printer. Further down, it says: "Check & reserve for store pick up today or order online and get free delivery on all ink, toners and paper." Two product cards are shown: "Epson Fox T1281 Black Ink Cartridge" (4.5 stars, 27 reviews, £7.99, Was £9.99, Save 20%) and "Epson Fox T1285 Black and Colour Ink Cartridge Pack" (4.5 stars, 51 reviews, £27.99, Was £31.99, Save £4.00).

- ✓ **Back-in-stock notifications** sent to customers who browsed sold-out products and requested email updates
- ✓ **Status/level reminders** or other gamification emails that encourage customers to purchase again or to compete to level up for more benefits.
- ✓ **Loyalty programmes such as Buyer-only offers or frequent-customer benefits** sent via email to customers
- ✓ **Birthday/Anniversary emails** – celebrating a special day with a special offer.

Modcloth leverage the information they have – they know when you initially signed up to hear from them and use it as a great excuse to send valuable offers – on both the 6 month and the 1 year anniversary dates.



### What is it? Win-back campaigns

Campaigns targeted toward lapsed subscribers or inactive customers with valid email addresses who have not acted on email or converted within a set period.

### Suggested programmes:

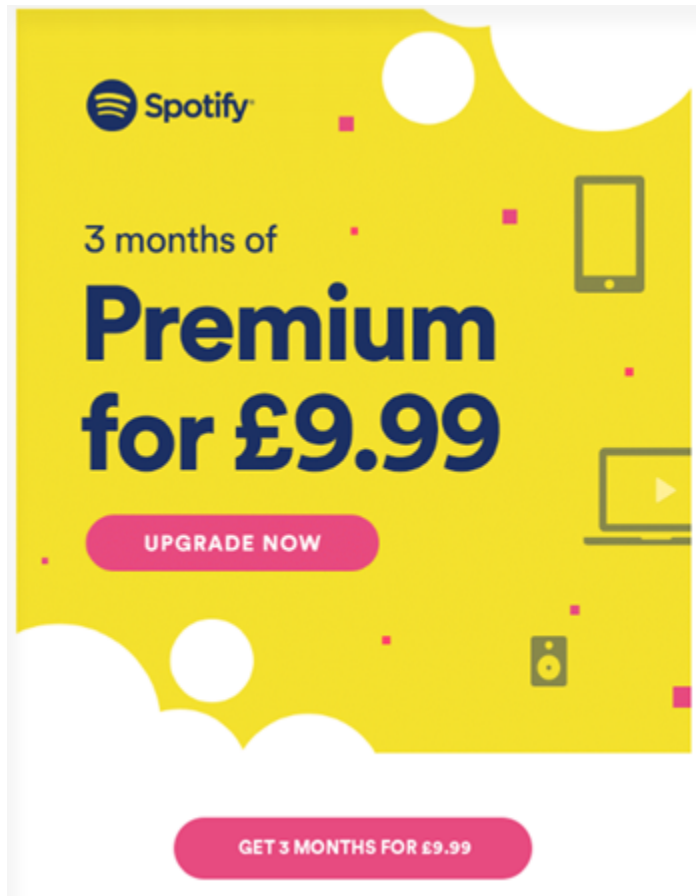
- ✓ **Lapsing programme** – a subtle but effective programme that’s triggered when someone used to buy but no longer does.
- ✓ Reminders about customer or membership benefits or announcements about new programs.

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- ✔ Service-focused messaging asking about problems
- ✔ Instructions on changing subscriber or customers preferences or opting out in order to update a customer record
- ✔ **Lapsed programme** containing “We miss you” offers that entice customers back to the website, often with a basic incentive such as free shipping, a discount or special purchase.

This was a very clever campaign – clever in its simplicity. They used the same offer and creative to those who had previously been a Premium customer and to those who had never converted to being a Premium customer. How they personalised it to make it relevant for each of the lifecycle segments (conversion or win-back) was by using the subject line appropriately.

Win-back Subject Line: *Come back to Premium Kath*



**Strategy Recommendation 1 Audit your own messaging approach with this checklist**

In the Priority column, add High, Medium or Low according to the Business Objectives provided to you by your company. Then next to this, add the status of the programme – such as Conception Stage, Creation Stage, Testing Stage, Implemented, Optimisation Stage.

Lifecycle	Objective	Name of Programme	Priority	Status
Acquisition	Convert visitors to being subscribers	Subscriber Overlays		
	Convert visitors to being subscribers	Optimised Subscription Form		
	Convert visitors to being subscribers	Basket Recovery Programme		
Prospects	Convert Prospects/subscribers to being customers	Welcome Subscriber/1st Purchase Programme		
Conversion	Convert 1st-time/single order (SOC's) customers to being Multi-order customer's (MOC's)	Welcome Customer/2nd Purchase Programme		
	Regain lost sales from customers	Browse Abandonment Programme		
	Regain lost sales from customers	Cart Abandonment Programme		
Retention	Keep customer's coming back and improve their CLTV	Replenishment Reminders		
	Keep customer's coming back and improve their CLTV	Back in stock reminders		
	Keep customer's coming back and improve their CLTV	Loyalty Programme		
	Keep customer's coming back and improve their CLTV	Birthday/Anniversary Programme		
Win-back	Prevent lapsing customers from becoming lapsed	Lapsing Programme		
	Win lost customer's back to purchasing a	Lapsed Programme		

## Best practices for building a successful lifecycle marketing programme

These tips can help you keep your focus on aligning your email messages with the various touch points that make up your customers' journey with your company and its brands:

**Determine the touch points that make up your customer journey.**

The journey from prospecting to purchase to loyalty and beyond is seldom a straight path or an orderly procession. Rather, it's filled with twists and turns, hills and valleys and stops and starts.

Those are all "touch points" on the journey, and each one can inspire a message that will keep your customers moving forward. They answer questions, offer help, resolve uncertainties, suggest alternatives, encourage return visits and guide your customers into deeper, long-term attachments.

This is where lifecycle marketing, which is keyed to those points, can drive greater results than just a steady diet of broadcast email.

Here is a list of 10 touch points on a typical ecommerce customer journey. Your mission is to figure out the unique touch points on your own customers' journey with your company, brand and products.

You'll surely end up with more than the ones listed below, but just about every journey includes these points:

1. Search engine results page (organic or paid)
2. Landing page aligned with those search results
3. Email opt-in
4. Welcome/on-boarding programme following opt-in
5. Browsing on product or service pages
6. Movement to FAQ, user forum, help or customer-support pages
7. Abandoned cart following product selection
8. First purchase
9. Second and subsequent purchases
10. Customer-service contact post-purchase

Align your messaging with your touch points. (Plus pop quiz!)

Naturally, no two customers have the same journey, but you should know enough to be able to develop a scenario that covers as many possibilities as you can think of.

Once you develop your list of touch points, you can start looking at ways to use email to address issues that crop up at each of those points.

Now, we could just tell you which emails could go with which touch points, but that would be too easy. Let's get creative! Each of the emails below maps to a touch point listed above. Just to make things interesting, you should know that not every touch point listed above has an email component listed below, at least one touch point could have two messages, and at least one email message could apply to two touch points!

Ready? Go!

- A. Request to review a purchase, service or download
- B. Notice containing product image, informational copy and a link to the product page
- C. Invitation to join a loyalty programme or to upgrade a service
- D. Follow-up transcript, links to FAQ page and quality-of-service survey
- E. Reminder to complete a process, including product photos or activity descriptions and link to checkout/download/registration page.
- F. Confirmation and instructions for further action
- G. New-subscriber guide
- H. Message with links to live chat or customer-support contact information

You'll find the answer at the end of this section.

## Keep it real (time)

Your customers' attention is a prized commodity in short supply, and it gets shorter every time a new channel pops up to distract their attention from the inbox. Moving to automated messages that incorporate highly personalised data and launch in real or near-real time will help you stay top of mind with customers whose activities – purchasing, repeat purchasing, increasing order value, sharing content, etc. – are central to your business objectives.

Automated real-time messaging is the foundation of a growing movement toward “contextual marketing,” which uses data points such as location, time, weather and social to add context to a message. When the message also incorporates preferences and behaviour, it creates a message that’s even more highly personalised and relevant than one which reflects only preferences and behaviour.

The example below from Anthropologie uses both location and social, with a map of your nearest Anthropologie shop based upon when you open the email as well as the latest live tweets, which keeps the email fresh and up-to-date.



Source: Liveclicker



Beyond general best practices, these success factors will increase your chances of creating an engaging lifecycle marketing programme that drives real value both for your customers and for your company.

### Best Practice Tip 2 Name your programmes correctly

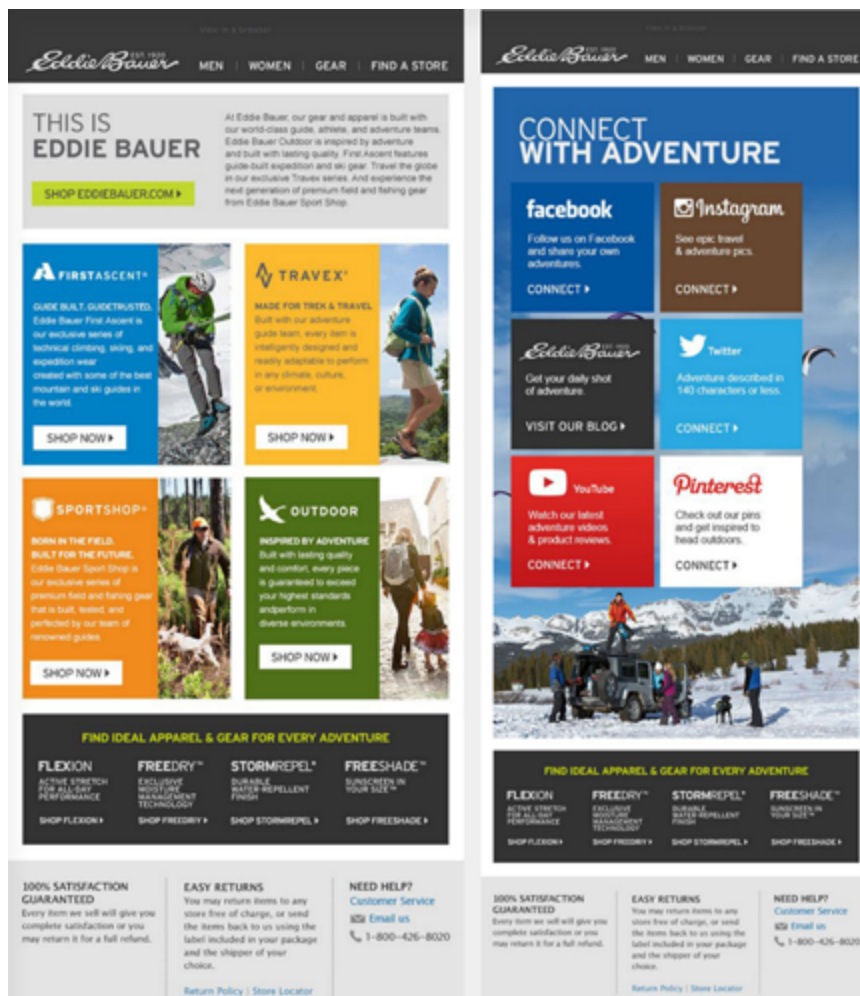
It sounds so easy, but having the proper name is your first step toward success. Your programme name should reflect its objectives. Thus, precision is your goal. Here's an example:

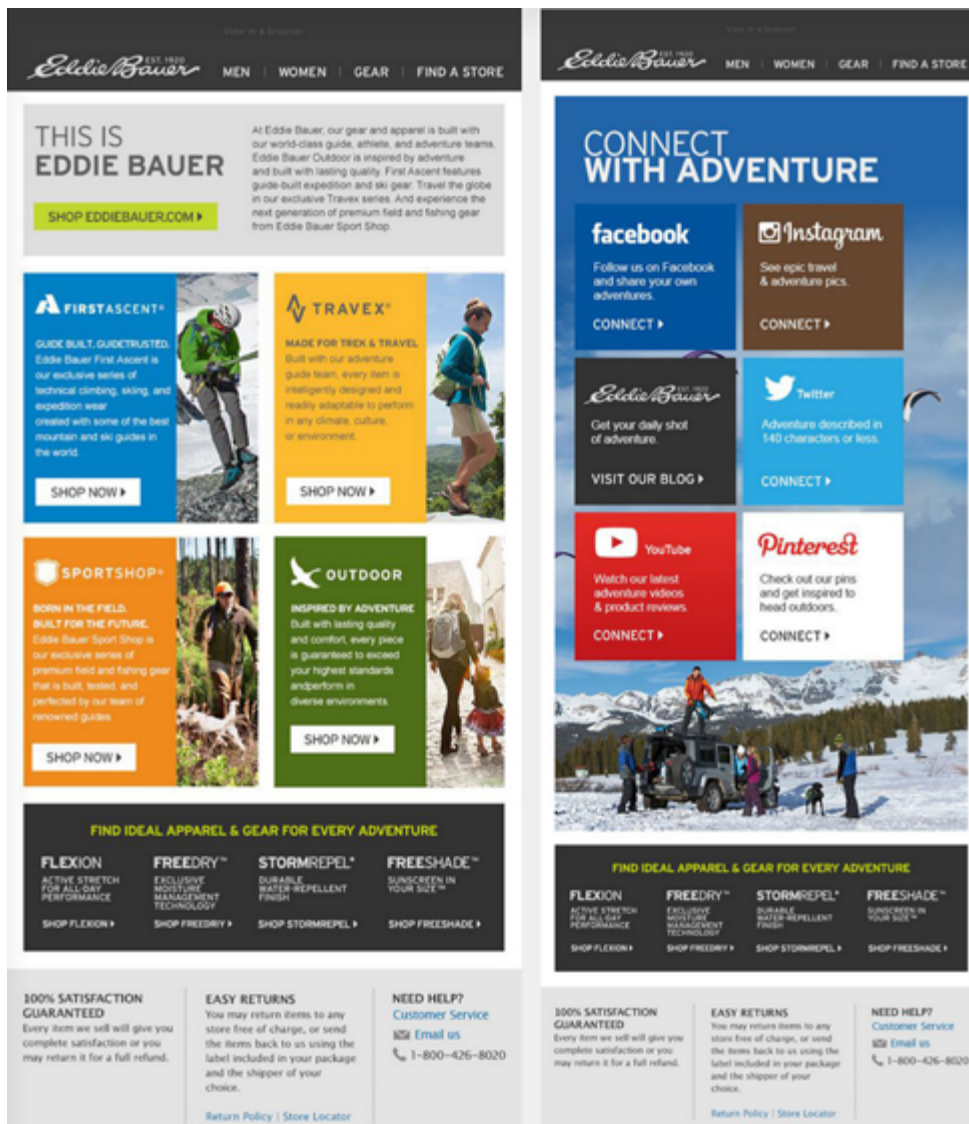
**“Welcome” or “First Purchase?”** Yes, you want to welcome your new subscribers and customers because it reminds them about the opt-in and tells them what to expect.

But “Welcome” is a vague term. Do you just mean to say hello? Or do you want to get your subscribers back to your website to make that all-important first purchase? Personally, I vote for helping them buy something as fast as possible, because your newest customers are your most enthusiastic.

So, a name like “1st Purchase Programme” describes your objectives precisely and dictates your strategy and tactics for a better outcome.

Eddie Bauer’s Welcome Subscriber Programme is a perfect example of what a 1st Purchase Programme aims to do – educate, nurture and convert subscriber’s into becoming first –time customers.





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## Ensure Email strategy – not Email technology guides your decisions

Make no mistake. I love the innovation that today's technology platforms have made possible in email marketing. Nothing that I've discussed up to this point – the data integrations, the personalisation, even lifecycle marketing itself – would happen without the miracles that these highly evolved systems provide us daily.

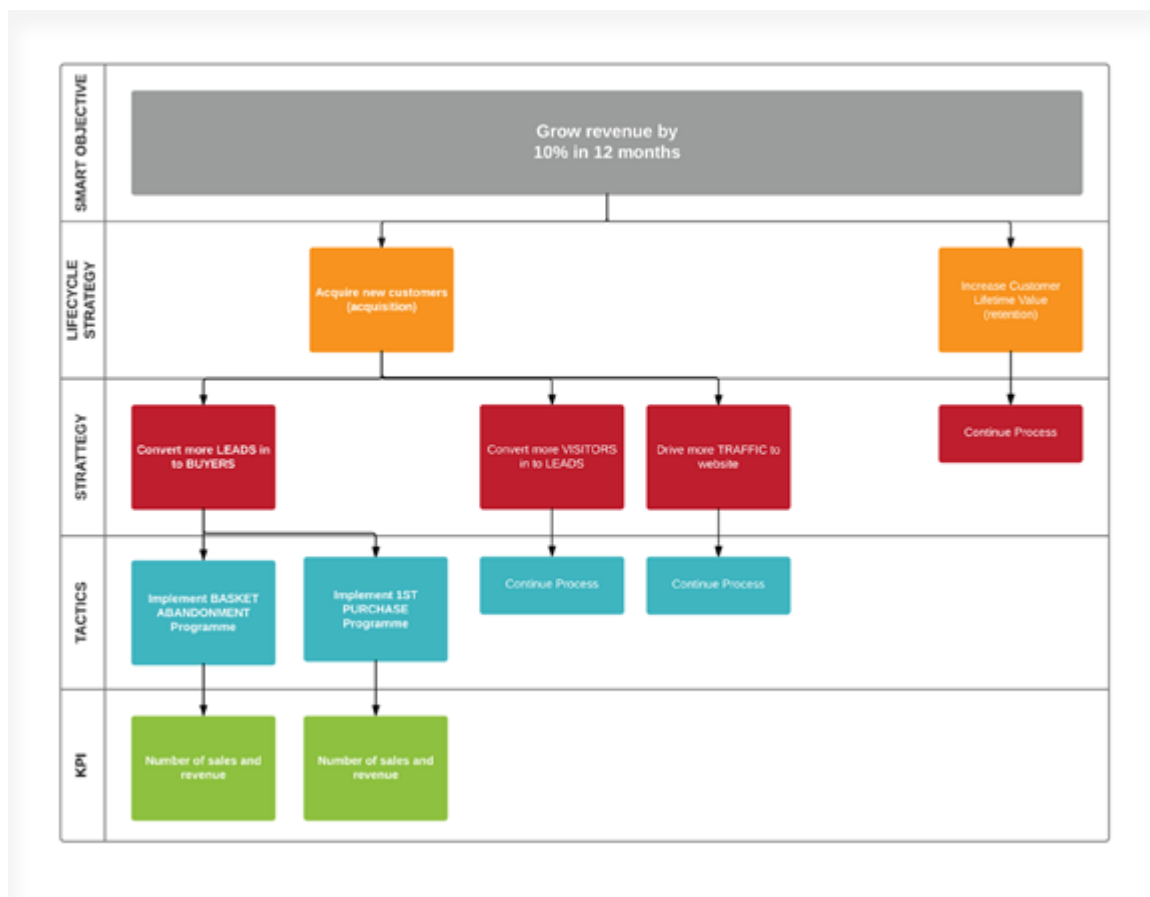
The mistake that many email marketers make, however, is to let the technology lead the process rather than a well-crafted strategy designed to achieve concrete business goals. Too often, marketers work backwards, developing programmes that allow them to use their fabulous new technology but aren't married to their overarching business objectives.

This is a better protocol:

- ✔ **Begin with a SMART objective** (*raising email revenue 20% in one fiscal year*). (SMART is Specific, Measurable, Achievable, Realistic, Timely.)
- ✔ **Next, craft a strategy** to support it (*creating an abandoned-cart recovery programme to recover more potentially lost sales and a win-back programme to bring back lapsed customers*). Note – each objective will have multiple strategies to support it.
- ✔ **Then, go to the technology platform** to create tactics to implement the tactics that will allow the marketing team to achieve the objective (*setting up a sequenced series of three*

reminder emails, each with unique content to answer questions, reduce uncertainty and encourage action).

Here is an example process that you can go through to develop your email marketing strategy – beginning with your SMART objective and working your way down. For simplicity sake the chart below only contains one fully mapped out strategy. But it shows how you can have multiple Lifecycle Strategies from an objective, multiple strategies from a Lifecycle Strategy and multiple tactics from a Strategy.



Source: Holistic Email Marketing

### Measure success with the right metrics

Email delivers a boatload of metrics: unique and total opens, unique and total clicks, conversions, shares, engagement and disengagement.

With so much to measure, be sure that you choose the right metrics. Ask yourself these two questions:

- Does this metric tell me whether I achieved my programme objective?** Yes, you generated a terrific open rate, and you even beat your click rate by 10 percentage points. But, did you drive enough sales, downloads, upgrades or whatever your campaign goal was? Don't be fooled into just measuring the metrics which are easily accessible. Sometimes these metrics (opens and clicks) can actually misguide you.
- Will this metric matter to my boss?** You have to wow them, but you can do it only with the metrics that matter to them. They probably won't do backflips over your extremely

low unsubscribe rate (which, by the way, is about as meaningless a metric as we can imagine).

- ✓ **But, a 10% increase in order value?** Moving 20% of your basic-level customers into a higher-margin spending bracket without costly incentives? Those metrics could translate into a fatter budget or even a bigger salary.

### Implement new programmes one at a time

Avoid the temptation to “boil the ocean” by trying to introduce too many innovations at once. Focus on one programme, test and optimise it and be sure it’s performing and delivering the expected results before you move on to the next challenge. Further more – try to take learnings away from it to apply to your other programmes.

### Plan your entire email-messaging programme to provide a wonderful customer experience from the start

Pull back from a deep focus on the individual parts of your email messaging programme – the first purchaser, the retention or the win-back – and assess how they work together to keep your subscribers and customers engaged, interested and active but not overwhelmed or annoyed.

Lifecycle messaging lets you increase your messaging frequency with less risk of pounding your customers to death. But, it also means customers who hit multiple touch points quickly could end up receiving more email than you intend, like a scheduled broadcast message, a purchase or shipping confirmation, a segmented email based on that recent purchase and a related upselling message. In most cases, the automated lifecycle message should always take priority over the batch and blast email.

### Implement Lifecycle Messaging within your regular campaigns

Yes, I know we’ve been talking a lot about Lifecycle and automated programmes, but you can carry the same principle over to your regular campaigns by either segmenting or using dynamic content. Check out the Segmentation section for more details.

## Testing and optimisation

**Why it’s important:** *We repeat: Email is not “one size fits all.”*

Ongoing testing – A/B split tests or multivariate testing – will show you what works at different touch points in the customer’s lifecycle.

Lifecycle-focused emails have many moving parts, each of which you should try out on test audiences before you launch a full lifecycle programme. Tweaks here and there can pull in several percentage points’ worth of gains, whether you’re trying to persuade more recipients to open your emails, click on your call to action, redeem their carts or increase their order values. As these automated Lifecycle programmes are ongoing, it means that testing these programmes is all the more worthwhile.

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**What to test:** Look at testing these elements to find which combinations drive the best results:

- **Subject line:** Does clever beat straightforward, or vice versa? Test specific (longer) versus generic (shorter) subject lines to see which drive the best results on your KPIs: opens, clicks on the call to action, actual cart redemptions, etc. (See suggestions in „How to Test,“ below.)
- **Message copy:** Try several versions of your introductory copy: shorter and to the point or longer and explanatory? Does cross-selling, product recommendations or social proof move the needle?
- **Call to action:** Compare a button to a text line. Try different versions of button copy: „Go to checkout“ versus „Go to cart,“ for example. Always align the call to action with where they're t in the buying cycle - a too-aggressive CTA could scare off customers who are still researching and aren't ready to commit.
- **Series and timing:** For abandonment emails, test to see whether a timed set of two or three emails instead of a single reminder prods more customers to come back and either purchase an item or finish checking out, downloading, opening an account, etc. Also, test to find which intervals between emails are most effective at driving action.
- **Incentives:** Many conversion experts caution that incentives train shoppers to wait for the incentive before committing to the purchase. Testing whether omitting or holding back incentives until the final email drives more action.

**How to test:** We could write books about the right and wrong ways to test elements in your lifecycle programme, but we'll refrain and ask you instead to these three rules in mind:

**1. Always develop a hypothesis,** which is your guess about what the results might be, such as “A clever subject line will lead to more conversions than a straightforward one” or “A longer subject line will lead to more conversions than a shorter one.”

This will help you structure your testing plan more effectively, especially if you use A/B split testing – the simplest tests to set up and run.

**2. Be sure you're using the most meaningful metrics.** Look at the graph below that shows two variables in an A/B split test of a subject line on a cart-recovery email:

A	Reminder: Items Saved in Your Cart – Shop Now for an Extra 10% off
B	Come back and Save an Extra 10%

Source: Whichtestwon

A. had a 10.5% lower open than B in the testing period (50/50 split test sent over four weeks to cart abandoners). It was the loser, right? No. Although it drew fewer opens, it actually increased total orders by 21% and revenue by 35%. Conversions trump opens!

**3. Look beyond one-off test results:** A one-time test shows you what worked once. A longitudinal test, which you set up to run over a longer period of time, can give you more reliable results which you can use on a permanent basis. Not only this, but you can also use these results within your other marketing channels – such as website, PPS ads, Banner ads, Social networks etc.

Testing is like email. The more you can automate it, the better your results will be over time. Build testing into your programme from the very start, and your time, energy and resources will be rewarded with in-depth knowledge about what works and what doesn't, and that knowledge can be tied directly to revenue.

The chart below shows us how if we create sound hypothesis' that are looking to gain insights from the tests, rather than just a one-off campaign uplift, we can also implement the findings into other marketing channels.

Hypothesis	Use in other channels
Emotional question in Subject Line will generate more sales than a directive statement	PPC ad, Banner Ad, Landing Page Title
Emotional CTA will generate more sales than a pragmatic CTA	Website, Landing Page, Banner Ad, Social Networks
Double Loyalty points will generate more sales than 15% loyalty points	Website
5 items showing in the "You may also like" dynamic pod will generate more sales than 3 items	Product Page
Emotive image of person smiling & wearing outfit will generate more sales than image displaying outfit laid out.	Product Page, Website Homepage
Image 2 (looking at CTA) will generate more sales than Image 1 (looking at copy)	Website, Landing Page, Banner Ad

Source: Holistic Email Marketing

### Answer to 10 Touchpoint quiz

[Answer key: 2-B, 3-F, 4-G, 5-B, 6-H, 7-E, 8-A/F, 9-C, 10-D]

As we noted, the touch point „First purchase“ can launch more than one message, and both „Landing page“ and „Browsing“ could launch the same message. Did you spot those?

# TWO.

## Segmentation and Targeting

What it is: Targeting makes up the second essential foundation of advanced email marketing. Like lifecycle marketing, it combines automation and customer data to identify the best recipients in an email database for specific email messages and to provide the highest level of personalisation in message content.

Targeted messages can be launched manually or triggered automatically whenever a customer's data matches your rules for a specific message.

See this online topic on Smart Insights on 6 Targeting options for email,“ for detailed background about targeting in email, including six options for identifying prospective recipients:

- ✔ Profile data
- ✔ Lifecycle
- ✔ Response and purchase behaviour
- ✔ Multichannel behaviour
- ✔ Personas

### Key Steps in Setting Up a Targeting Programme

#### 1 Review the two methods to target emails: Segmentation and dynamic content

**Targeting based on segmentation** involves dividing a database into relevant segments based on specific characteristics and then creating a marketing strategy and specifications to target a mailing to that segment.

At its simplest, segmentation is essentially a more precise form of broadcast email. Although each segment receives a different version of an email message, everyone in that specific segment will receive the same message.

Segmentation can use a single data point, or a combination of data points, to identify the recipients. It can be a manual process – for example, simply segmenting an email database by age, location, gender or new-versus-longtime tenure on the list.

However, the more layers of data you can use to create your segments, the closer your emails will approach 1:1 messaging. The more relevant your messages, the more valuable they will be to your recipients and thus more likely to be seen in the inbox, opened and acted on.

**Targeting based on dynamic content** makes segmentation more precise and thus more useful, because it integrates email, website, ecommerce and other data to select recipients.

Here, you construct a basic email template but create a “container” in your messages where you can switch in content that matches specific criteria.

You could, for example, add store locations and hours based on your recipient's street address. Or, you could provide message content that relates to customers who use similar search terms or click on specific paid search links.

Data you can use to segment your database for targeting fall into three general categories:

- ✓ **Explicit (expressed) data:** This is information your customers give you when filling in a form (account registration, requesting a product download or using a preference center), such as name, age, location, gender, brand preferences, etc.
- ✓ **Implicit (observed) data:** These are the behaviour-based data trails your customers leave behind: links clicked in emails or on paid or organic search results, website pages browsed, products viewed, time on pages or next-previous page traffic, information requests, customer support contacts, etc.
- ✓ **Transactional data:** This is data generated whenever your customers complete an action with your company, such as a purchase (online or offline when you can tie it to a specific customer), download, payment, email subscription, etc. Even an abandoned transaction (cart, download, account creation) can be a valuable data point for targeted messaging.

Although some marketers value implicit over explicit data, both are necessary to create the most accurate targeting programmes. Why? Because your customers don't always act in their own interests.

Christmas shopping is a prime example. Your customers, especially your newest ones, are more likely to shop for others, not for themselves. A customer who buys a man's ski jacket but lives in **Spain** might be a tourist planning ahead or a mother shopping for a ski-loving son in **Austria**.

Continuing to send her cold-weather-related emails could turn her off, but giving her an opportunity to express her own preferences or to indicate the purchase is a gift can help you classify her more accurately and send her more relevant messages.

On the flip-side, only providing the customer with content and offers based upon their explicit preference, may not result in sales, as the old saying goes "Actions speak louder than words". The ideal scenario is to layer both explicit and implicit data to achieve the most effective way of personalisation.

## Four segmenting options for maximum personalisation

The more data you gather on your customers – both explicit and implicit – the more flexible, varied and accurate your targeting programme will become. Everything your customers do or tell you can become a data point for segmenting.

The four options below are general categories you can use to divide up your database and create rules to set up and launch your targeted messages:

### Customer personas

Personas help you put a face on your masses of data by envisioning the kind of people they represent and creating email copy that would be most appealing to them.

A persona is a summary of the characteristics, needs/wants and platform preferences of a specific group of customers. It includes gender, age, buying habits, lifestyles, personalities and psychographics (attitudes, opinions and motivations).

Recommended resource [Customer Persona Toolkit](#)

See our [Persona Toolkit](#) for more guidance and examples of creating Personas.



## Lifecycle

Who are your new customers, and which ones are about to lapse into inactivity? Segmenting by where your customers are in their journeys with your product helps you target information more accurately.

## Customer lifetime value

CLV is your prediction of all of the value your company can expect to derive during your relationship with a customer. Segmenting based on CLV lets you create one messaging stream for your VIPs and other streams for customers who have lower estimated values.

## RFM (Recency, frequency, monetary value)

Although similar in concept to segmenting based on customer lifetime value, RFM reflects actual customer behaviour from the first purchase to the present. Segmenting based on RFM can help you identify and reward your best customers but also tip you toward those who have fallen off your radar and would be ripe for win-back marketing.

### What retailers can learn from Judy, Jennifer and Jasmine

Those are the three personas developed by retail data marketing guru Kevin Hillstrom of MineThatData [<http://minethatdata.com/>] for an online catalogue brand, which helped them to spend their acquisition budget more wisely and to market more effectively:

- ☑ Judy, 59, who buys mainly through paper catalogs
- ☑ Jennifer, 43, who bargain-hunts aggressively via email and the Internet
- ☑ Jasmine, 27, shops curated collections of high-value/low-price merchandise she views through social and mobile.

Neither Jennifer nor Jasmine has the same catalog love that Judy does, Hillstrom says. Unless their own data says otherwise, retailers who insist on sending catalogs to Jasmine or who try to force Judy to shop only on Facebook are wasting their money.

Buying music illustrates the differences, Hillstrom says. Where Judy might buy a CD at a big-box retailer, Jennifer will download a single on iTunes, and Jasmine will access it through her Spotify subscription.

By sending these personas the types of offers and deals via email, they're personalising the experience for them and by combining Personas with merchandising personalisation they received a 20% increase in annual sales attributed to email marketing.

## Best practices in segmenting and targeting

- ☑ **Use your data, but don't be creepy.** Target, the U.S.-based discount retailer, used data-driven predictive marketing so precisely that it outed a teen girl's pregnancy to her parents.

The tip-off came when the retailer sent her a coupon mailing for baby-associated products based on the purchase data tied to her Target customer ID. Her angry father berated his local Target manager and accused them of trying to encourage his daughter to fall pregnant, but later admitted his daughter owned up to actually being pregnant.

The retailer has since become wiser with its marketing, according to [Forbes](#) by mixing data-driven offers in with general promotions, so the personalisation is not as obvious.

- ✔ **The best targeting strategy builds on layers of both explicit and implicit data.**  
 The most effective marketing comes not just when you keep selling customers what they've bought before (based on transactional data) but also by suggesting purchases based on their browsing habits (implicit data) and explicit data (cold-weather gear as the temperature starts to fall for customers whose location data tell you they live in northern latitudes). Added to this, also include content that meets your business objectives, persona-based content as well as a general mix of other content/offers to ensure you're discovering more about them.

This example of placements for dynamic content is from Alchemy Worx:

- ✔ CT1,2 & 3 pods are using content that is relevant to the subscriber's behaviour – both implicit and explicit.
- ✔ R1,2 & 3 pods are providing content that meets the business's objectives
- ✔ PT1,2 & 3 pods are promoting content relevant for the persona of this subscriber
- ✔ A1, 2 & 3 pods are displaying additional random content that if clicked/purchased may help to define future personalisation for the subscriber.



Source: Alchemy Worx

## Success factors for implementation

- ✔ **Automate wherever you can.** Automation plus data equals targeting success. It allows you to create micro-segments for more precise messaging, which is essential when including real-time or dynamic content, or when trying to achieve the 1:1 marketing that we all desire to achieve.

You can create segments manually, but automation makes it easier to create the kind of complex layering that can drive better results.

- ✔ **Avoid manually creating segments that are too small to drive a measurable return.** Segmentation precision is good, but not if the segment has only 10 customers and none of them clicks on your offer. Increase your segment size and you'll likely pick up responses from people you might not expect and ensure you gain a healthy ROI.
- ✔ **Choose segment data according to strategy rather than guesswork.** Just because you have a particular data set doesn't mean it makes sense to create a segment with it. Test different segmentation setups to see which drives the greatest return.

## How to optimise for better segmenting and targeting

- ✔ **Use machine learning to use data mining in email marketing.**

Machine learning is an automated process that not only processes information based on a complex series of rules and algorithms (think search engine results and spam filtering) but also applies what it learns from its interactions with users to refine and improve results for greater accuracy.

Email marketers currently use machine learning for external benefits such as improving deliverability, pinpointing the best times to send messages to specific classes of subscribers and for ongoing A/B or multivariate testing programs.

But they can also use it to generate 1:1 emails: messages personalised specifically to each recipient based on data and automation. There's more to this marketing Nirvana than hyper-relevant messaging, though.

Marketers can also continually learn from and improve their efforts. The more data that is available, the more accurate, personalised and valuable the results become.

- ✔ **Continually test to see which message structure works best for each segment.**

Bad execution can torpedo good segmenting. Case in point: A U.S. women's clothing retailer once sent two versions of an email message to the same email address. The subject lines indicated which segment each message was designed for: one for casual buyers, the other for high-value, loyal shoppers.

Inside the email, however, the messages were identical. Same offer, same call to action, same images. No personalisation. So, why bother to segment? Expect different segments to respond differently to subject lines, copy (tone and content), offers and CTA. If you segment using an RFM model, see how your VIP segment differs from your once-a-year buyers.

# THREE.

## Optimising Frequency

### What is it? Optimising Frequency

Finding right frequency is one of an email marketer's greatest issues. If your frequency annoys subscribers, they'll tune out, unsubscribe or click the 'report spam' button. Pull back too far on frequency, and you lose branding and sales potential and risk 'leaving money on the table'. Building value and relevance into every email you send can help you increase your email exposure without spurring more unsubscribes, spam complaints and inactivity.

### Understanding issues in email frequency

Let's understand one thing straightaway: There is no magic "right frequency" for every email audience. What you sell, who buys it, your relationship with them, how you build your emails and what your customers expect will help determine whether sending once a week, once a day or even twice a day will drive the greatest return on your email investment.

This section, therefore, is dedicated to helping you figure out what will work best for your company, your customers and your ultimate email goals.

Here, everything we talked about in Part 1 on Lifecycle Marketing and Part 2 on Segmenting and Targeting will come together to help you find ways to increase your email frequency safely and with greater value both for your company and you customers.

Smart Insights' „7 Steps to Success“ guide, „Email Marketing Strategy: A Practical Guide to Improving Email Communications,“ has tips, advice and best practices on establishing a workable plan for email frequency. Read the topic on Timing and Frequency.

### A brief history of email frequency and why it makes marketers go mad

In the beginning, when email was a novelty and overcrowded inboxes a thing of the future, marketers emailed often. Customers were happy because they could order in minutes instead of waiting in line at stores or on the telephone.

Then, shady merchants began bombarding their inboxes with emails hawking cheap pharmaceuticals, sexy playmates and shady financial schemes. Now, even marketers who had their recipients' permission to send messages were lumped in with these spammers.

Email experts counseled them to send fewer but better emails, and a malaise of fear and self-loathing fell over the land.

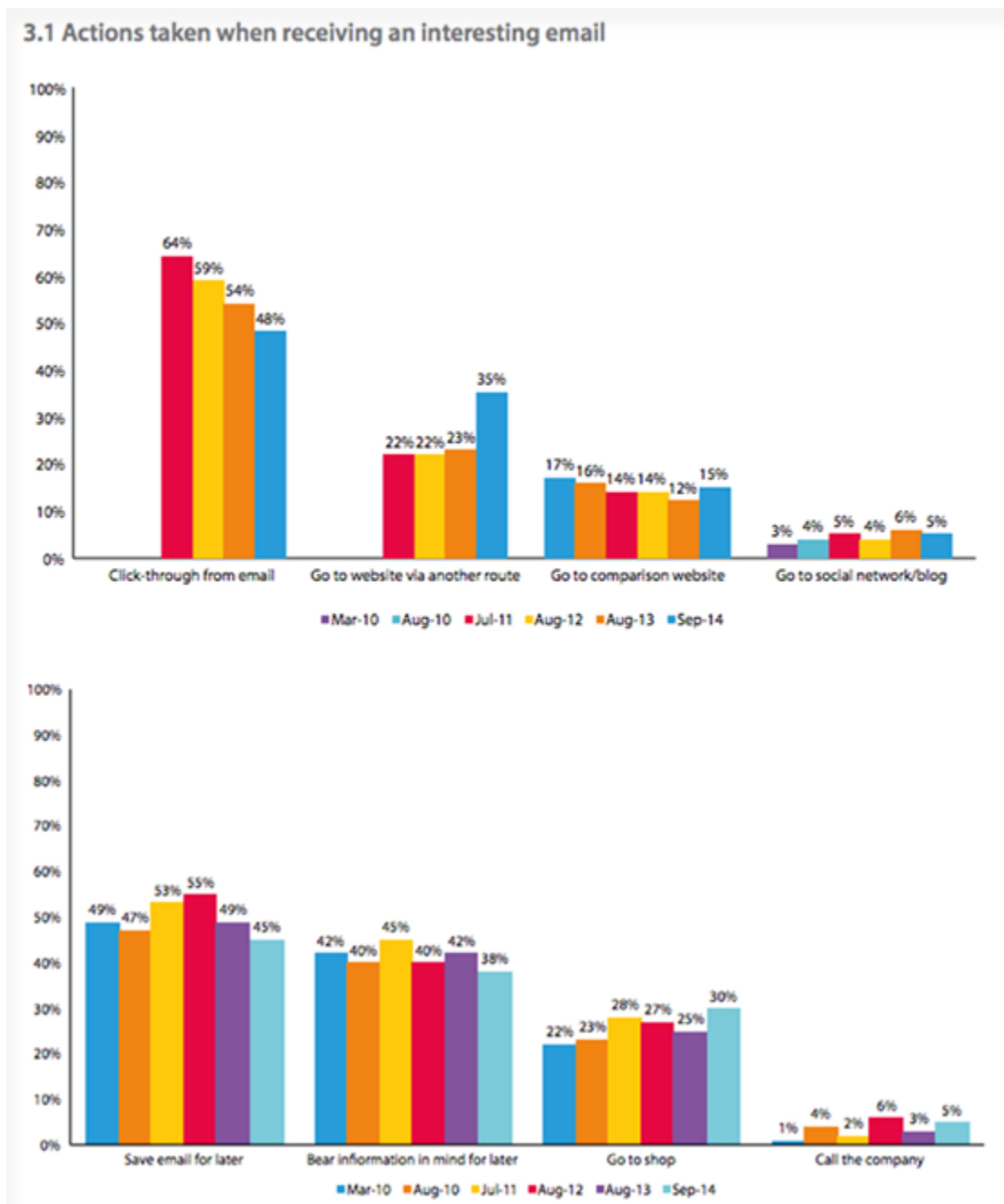
### Email and the 'nudge effect'

All of this fear and uncertainty leads many marketers who opt for the "less is more" approach to go to the other extreme: not emailing their customers often enough.

That means they're losing out on potential sales and the branding effect that just being seen in the inbox can provide as well as their ability to boost other marketing channels (driving traffic to websites and social media channels and even store visits).

A study performed by the UK DMA showed that when a subscriber receives an email of interest to them, 35% of subscribers will visit the website via another route, 45% save the email for later, 38% bear the information in mind for later and 30% will go to the shop. This study shows the power of email – not everything results in a click yet we tend to

focus on only measuring opens and clicks, which as this chart shows, can be a faulty method of attribution.



Source: DMA Email tracking Study 2014

Email, after all, is a “push” medium, which is why it can deliver such phenomenal results. You don’t have to wait for your customers to find you. You can push messages to their inboxes – messages that deliver value and utility beyond trying to drive a sale and which provide a little brand boost even if your customers opt not to open or act on them – by ‘planting a seed’ in readiness for when they are ready to purchase.

That branding power is email’s “nudge effect.” But it works best when your messages are in the inbox regularly with attention-getting subject lines that encourage action when your customers are ready to buy.

Considering how much email flows through your customers' inboxes every day – including your competitors' emails – it's no surprise that once or twice a month isn't enough to make you memorable.

**Frequency is not set in stone unless you make it that way.** Moving to automated lifecycle and targeted messaging frees you to experiment and vary the content of your messages, personalising them and adding value and utility beyond what's possible in a steady stream of undifferentiated broadcast emails.

Instead of emailing by the calendar, you email whenever you have something relevant to say. Provided, however, that you don't limit your frequency to a specific number of messages in a single time period – say, one a week – in your opt-in messages.

Marketers adopt that tactic because they don't want to scare away prospective subscribers who fear an onslaught in their mailboxes, but what they're really doing is hamstringing their own operations with artificial time limits.

As email thought leader Dela Quist of Alchemy Worx says, "Send more email, but don't be stupid." That is, don't pound your customers with a steady stream of ill-considered messages. Instead, let common sense, strategy and analysis guide your decisions – combined with a sincere desire to deliver value to your subscribers.

### How to audit your current approach using relevant KPIs

Although opens, clicks and conversions are popular metrics marketers use to measure the effects of increased frequency, other marketers also factor in changes to the unsubscribe rate.

However, the unsubscribe rate, according to Quist of Alchemy Worx, can be a particularly unsatisfactory metric to use when deciding whether to increase frequency.

Marketers typically don't want to do anything that would prompt customers to unsubscribe from email, but the agency discovered that holding back from increasing frequency could cost a typical company significant overall campaign revenue that outweighs revenue lost from unsubscribed customers.

For example, the agency [researched two of its clients \(a B2B brand and a B2C brand\) who were sending different segments both 4 emails a month and 8 emails a month](#). It found that unsubscribes did not increase out of proportion and that both clients netted additional profit that far exceeded lost potential revenue from unsubscribers.

By delving in the data and applying an average purchase value per month, Alchemy Worx discovered that the B2B client net an extra \$3.99 million profit while its B2C client realised an extra \$5.9 million profit per month.

What happens when you increase your send frequency from 4/mth to 8/mth?

		B2B	B2C
Based on actual client data			
Revenue	Audience size	20,000	3,000,000
	Subscriber Monthly value (4/mth)	\$ 100	\$ 7
	Subscriber Monthly value (8/mth)	\$ 300	\$ 9
	Additional value	\$ 200	\$ 2
	New revenue per month	\$ 4,000,000	\$ 6,000,000
Unsubscribes	Monthly unsubscribe volume (4/mth)	60	12,000
	Monthly unsubscribe volume (8/mth)	120	24,000
	Subscribers lost (8/mth-4/mth)	60	12,000
	Lost value per month	\$ 6,000	\$ 84,000
	Profit	\$ 3,994,000	\$ 5,916,000
	Cost of preventing 1 unsubscribe	\$ 66,567	\$ 493

Source: Alchemy Worx<sup>1</sup>

### Best practices for implementation and testing

Naturally no one is encouraging you to ramp up your frequency without developing solid strategic objectives, testing and a close watch on analytics. Here are some solid practices to keep in mind:

- ✓ Add informational or educational messages where sales and selling are secondary concerns. These non-promotional emails can help your customers buy better, learn more about your company and brands and the products you sell or burnish your brand identity.
- ✓ Step up your engagement monitoring, including unsubscribes, spam complaints and open/click rates. Watch for disproportionate increases in negative engagement and drop-offs in opens and clicks and their subsequent effects on conversions.
- ✓ Give customers the option to “opt down” to less frequent delivery but don’t restrict yourself to a specific frequency.

<sup>1</sup> <http://www.alchemyworx.com/emailworx/2014/strategy/is-this-common-best-practice-costing-your-email-program-millions>

**1-minute case study:** Boden ties higher frequency to increased value: The UK-based clothing retailer normally sends one email about every four to five days. *But in a run-up to its regular sales, the company increased frequency to one email roughly every other day (one email every 1.75 days).*

Customer interest remains high. Alchemy Worx found that the number of opens rose proportionately and without a concurrent hit to inbox placement or spam complaints or a significant and time-consuming alteration in the email template.

It works, the agency theorised, because Boden's more frequent emails are bearing significant value through higher discounts and innovative sales tactics. Changing up the cadence occasionally can also have a positive effect on opens and clicks.

### Success factors for implementation

- ✔ **Be selective.** Use segmenting and analysis to identify your most active and loyal customers and potentially target them for increased frequency. Don't do a blanket approach when it comes to increasing frequency – be wise and do it via a segmentation-approach. Take learnings and then apply learnings to other segments.
- ✔ **Don't always assume you know best:** You may well be surprised how different segments will respond to increasing frequency. Your best customers, who buy from you regularly and frequently and who you think would respond well to more emails, may not increase their sales – because they're already buying at their peak and there may not be much more room for improvement. However, your inactives – those who you have mentally 'thrown away' and believe will hate you forever if you send them more email, may surprise you and happily reactivate themselves.
- ✔ **Do a series of A/B split tests** to determine whether some kinds of content – subject lines, message copy, offers or calls to action – drive greater unsubscribes.

### Summing Up

The preceding sections show you how to realize major gains for your email-marketing programme by incorporating data and automation in three advanced marketing techniques:

- ✔ **Lifecycle marketing:** Takes a holistic view of email marketing, mapping email communications to key points along the entire customer journey from acquisition through conversion and on to loyalty.
- ✔ **Segmentation and targeting:** Allow you to create 1:1 email messaging for maximum relevance and value, using implicit, explicit and transactional data to shape content.
- ✔ **Frequency:** Builds on strategic visibility in the inbox to help you grow revenue, develop deeper and regular communication with customers and boost the impact of your other marketing channels.

Best wishes for your future email marketing.

We do hope you have found this guide useful – do let us know any comments via our [Contact Us](#) or the forum.

Kath Pay, Holistic Email Marketing and Dave Chaffey, Smart Insights