THE CMO'S EMAIL MARKETING TOOLKIT

How Chief Marketing Officers Can Maximize Email ROI
in the Age of the Consumer

INTRODUCTION

Keeping pace with consumer expectation is not getting any easier. And advanced marketing applications like digital commerce and personalization along with executive pain points like content management and omni-channel execution are making it hard to catch your breath.

Now more than ever, CMOs are seen as a major influencer in their brands' customer experience, tech spending, and overall growth.

As you continue to do what's necessary to evolve your brand, we'd hate for you to lose sight of a classic: email.

What You're About to Read

We recently reached out to six email marketing experts here at RRD Marketing Solutions and asked them:

"What can retail brands do to legitimately increase their email marketing ROI?"

Their responses were written with you in mind and geared toward improving your team's value three ways: encouraging collaboration across the company, meeting customer expectations and increasing customer retention.

The lesson here? Rely on what works. Email.

A Data & Marketing Association (DMA) survey of U.S. marketers found that email had a median ROI of 122%. That's more than four times higher than other popular marketing formats, including social media, direct mail and paid search.

TAKE BATCH-AND-BLAST ONE STEP FURTHER

By Patricia Babischkin, Account Supervisor
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The goal for email should be to one day move beyond batch-and-blast to something more personalized, more one-to-one. But if that's the tool your team currently has, then they need to make the most of it.

How? Start small by asking, "Can we get just a little bit better?" Think segmentation.

If you can go from sending one generic email that nets you $X.XX in ROI to an email that's a touch more personalized and realize an ROI of $X.XX+2—not even x2—you're starting to move the needle. Now you're proving out that you can get slightly better, which means you can then get slightly, slightly better.

What Slightly Better Actually Means

When I say "email that's a touch more personalized," I mean rather than isolating Bill from a large group and then creating an email that speaks to him (and only him), try aiming for a bigger target.

Take what you know about your customers—what you actually have data to support—and create giant groups of like people. (You can also go an experimental step further by making some assumptions and testing out what you think you know about them.)

Now, instead of only talking directly to Bill, you're reaching Bill and all the people that look like Bill at some level (e.g., gender, loyalty program status, location, purchase history, etc.). This is where you go from batch-and-blast to batch-and-blast better. It's all about leveraging what you have to make your emails more relevant to your customers.

Too often, email marketers get caught up in thinking there needs to be 900 versions of an email. (Here's a little secret: There doesn't.) Remember, Bill doesn't care if someone else gets the same email. He cares that the message in the email you send him is relevant to something he wants or needs.

THINK
SEGMENTATION

14.32%

Segmented email campaigns have an open rate **14.32% higher** than non-segmented campaigns.
(Mailchimp)

100.95%

When comparing click-through rates, segmented email campaigns experience a **100.95% higher** return than the alternative.
(Mailchimp)

"Email list segmentation is the most effective personalization tactic for email marketing purposes."
(Ascend2 email marketing survey)

NEVER UNDERVALUE THE ROLE OF EMAIL DESIGN

By Lisa Erdos, Creative Director

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Email design mistakes can undeniably stifle performance and ROI of your email marketing program. Here are two of the most common I encounter—and fix—week in and week out.

Mistake No. 1: Overlooking the Importance of ALT Text

What happens to your big "40% off, today only" email when it arrives in a customer's inbox where the default setting is set to "images off"?

A big blank space is what happens—unless you've remembered to populate your ALT text (alternative text).

ALT text is critical in email marketing. Despite how fundamental this may be, from time to time, a promotional email will land in my inbox without them.

ALT text is critical in email marketing. It should be succinct (not paragraphs) and communicate what's going on in the image before that image is rendered. This will ensure the intent of the email still reaches your customer, even if an image doesn't.

Mistake No. 2: Unremarkable Calls-to-Action

What's the point of your email? If the answer isn't obvious to you, a colleague or your customer, there's a good chance your call-to-action (CTA) is unclear, buried, untouchable or missing.

Today, the big buzzword around successful CTAs is touchability. To make your CTA more touchable, stick to these best practices whenever possible:

- If you're not interested in big buttons, pad smaller CTAs with plenty of white space
- Avoid placing links too close to one another
- Lean toward simpler, less cluttered email templates to avoid drawing attention away from primary CTAs
- Try A/B testing CTA placement, color, design and language

Lastly, try creating your CTAs from code rather than a static graphic. This allows CTAs to scale better in a mobile environment as well as remain visible when images aren't rendering.

The importance of responsive design

Putting mobile anywhere other than first?

According to Litmus, 54% of email is now opened on mobile devices. In a mobile-responsive design, email layouts automatically adapt to the end-user's screen by resizing and rearranging visual elements. With a desktop-first approach, you're essentially taking a full-width email and shrinking it down to scale for a smaller screen. This forces the user to pinch and zoom in on a mobile device—weakening the user experience and your email's effectiveness.

USE ANALYTICAL MODELING TO IMPROVE CUSTOMER RETENTION

By Joe Kanyok, VP of Analytical Services

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You've probably heard the cost to gain a new customer is anywhere from five to 10 times more expensive than it is to retain an existing one. Long story short: Growing the customers you already have is a must. Using analytical models is one proven and highly pragmatic way to do just that.

Develop a Rich Set of Customer Attributes and Behaviors

Customer attributes should be created by combining elements from as many customer touch points as possible. Remember, we're not just talking demographics (age, gender, household income, home value, etc.), but also the inclusion of order histories, contact history, website and search behaviors, demographic and other external market appends. How many of the following are you amassing?

- Historical spend amounts and associated trends or velocities
- Recency of purchases
- Visit or purchase patterns; timing and frequency
- Depth and breadth of products in a purchase
- Response to promotions or discounts
- Historical campaign contact attempts and responsiveness, opens and clicks
- Channel preferences
- Digital data such as website visits and patterns, page views and click behavior, social media interactions, etc.
- Distance to store locations
- Competitive and seasonal influences

"The cost to gain a new customer is anywhere from five to 10 times more expensive than it is to retain an existing one. Long story short: Growing the customers you already have is a must."

**Then Turn Attributes into Marketing Strategies**

Leveraging those attributes will generate more relevant communications and offers to your customers. Here's a look at one example to better illustrate what I'm talking about:

If your objective is to maximize marketing campaign performance, one approach is to develop a two-stage model.

The first stage involves the creation of a logistic regression model to predict response to a marketing communication. This model type can help estimate the propensity of a customer to respond to a marketing campaign. Or if the goal is to cross-sell, it will estimate the likelihood that a customer will purchase a specific product.

The second stage is to create a linear regression model to predict spend. Using a linear regression model will help with the estimation of spend by a customer in the next 12 months or spend in response to a marketing campaign.

The combination of these two models can be used to identify those customers most likely to respond to a marketing communication, with the highest spend, resulting in increased value for subsequent campaigns.

VALUE MODEL

To maximize marketing campaign performance, developing a two-stage model will help predict response and spend.
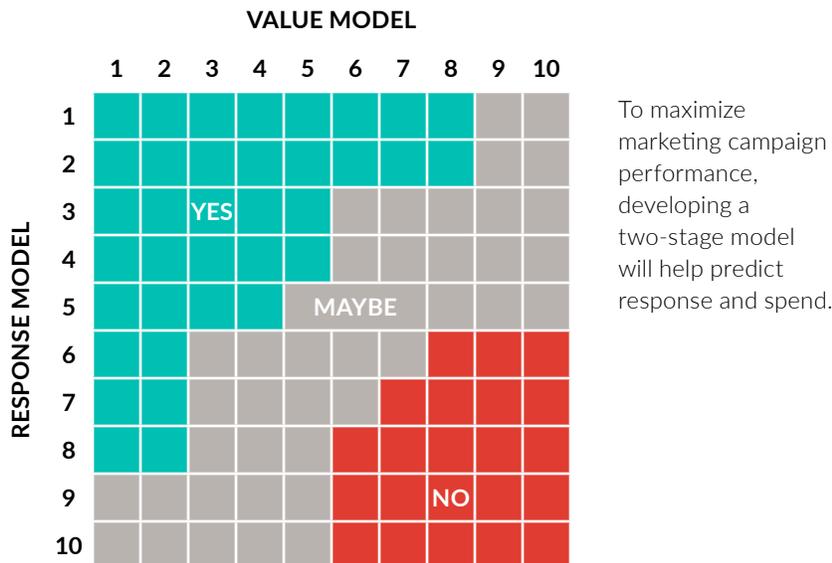
PAY CLOSER ATTENTION TO EMAIL FREQUENCY

By Suzanne Cashman Rain, VP of Analytical Consulting
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Despite our best efforts to recognize the need to create a personalized and thoughtful email campaign, when push comes to shove and upcoming forecasts need to be met, bad habits have a tendency to creep in.

"Mail deep, mail often"—sound familiar?

And thanks to email's low cost to play, even the most modest sales through email seem worth it. Yet, the reality is many businesses are failing to consider the significant longer term cost of hammering inboxes.

One of the reasons this fast and furious approach is so common is due to the fact brands are measuring their email performance campaign by campaign. Little, if any, measurement is based on a cumulative customer experience, which begs questions like:

- How many of your customers fall on multiple, independently managed lists?
- How many of your customers do you over-email in a given week?
- How many are you not reaching out to enough?

Email is a tool to keep your brand top-of-mind. Top-of-mind, however, does not mean top-of-inbox. In fact, if you are at the top of your customer's inbox too often, you're more likely to lose the privilege of being in their inbox altogether.

Read this!

HOW TO AVOID EMAIL FATIGUE

HOW TO AVOID EMAIL FATIGUE:
The 4-step process to determine the cost of over-contacting customers
by Suzanne Cashman Rain

We've quantified the correlations between email frequency and email fatigue in our latest white paper and detailed a four-step process to determine the cost of over-contacting.

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Pace Yourself to Avoid Opt-Outs and Email Fatigue

Our research has shown email frequency to have a direct correlation with opt-outs. The more often you mail, the more likely you are to force an opt-out.

Today, brands must also recognize those customers I like to call "soft" opt-outs. Soft opt-outs are subscribers who use auto-classification folders and non-monitored email accounts to deal with your email by choosing to never actually deal with your email.

Hard and soft opt-outs have something in common: future spend from either group is significantly lower than those subscribers with some level of positive email engagement.

So those extra emails may move some people to buy—I say may because our analyses show little or no increased customer purchase frequency based on increased email frequency. The other, often overlooked, side to this story is your excessive emails are also causing subscribers to walk away from the conversation with you entirely.

This has serious future revenue implications.

Measuring the lost revenue from opt-outs, both explicit and soft, can be straight forward. And the size of the numbers will likely surprise you. While it's not likely all of that lost revenue could be captured, even a piece of it can be substantial.

Update Preferences

DAILY

WEEKLY

MONTHLY
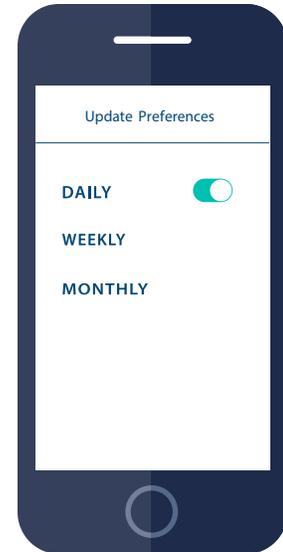
Subscriber permissions

Control, it's what subscribers want

Go beyond the basic opt-in, opt-out options consumers are so used to working with. To fight off email fatigue, offer up some middle ground to subscribers by letting them choose message frequency (daily, weekly, monthly) and specify preferred message content, such as:

- Recently reduced items
- New product announcements
- Location-specific promotions
- Consumer reviews

SEIZE THE MOMENT WITH TRIGGER-BASED MARKETING

By Jason Conley, Sr. Director, Sales & Solution Consulting

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Trigger-based email marketing is appealing because it adheres to a "plan once, design once, use often" philosophy. That means manual data compilation, analysis and email deployment on a case-by-case basis is a thing of the past. DMA's 2017 Statistical Fact Book revealed triggered email campaigns average a 6.5% click-through rate, dwarfing the 1.6% return of a business-as-usual campaign.

And, after analyzing 2 billion emails, Blueshift's 2016 Benchmark Report shows, "Triggered emails drive 624% higher conversion responses for the same number of sends as compared to batch-and-blast emails. This is driven by a 381% higher click rate, and a 180% higher post-click conversion rate."

Successful Trigger Types We've Deployed on Behalf of Our Clients

While the numbers don't lie, the roadblock for most brands is identifying the triggers that align with their specific goals. Here are a handful of our favorite engagement-inspiring triggers.

Welcome

Far and away the most adopted triggered campaign, particularly via email. Whether they're a first time shopper, opened a new account or signed up for X, the welcome trigger shows your newest customers that they're on your radar, you appreciate them and you look forward to earning their loyalty.

According to the DMA 2017 Statistical Fact Book, welcome emails realize a 29.9% open rate and 10.6% unique click rate. These numbers are even more eye-opening when you compare that to Compared to a business-as-usual approach that garners a 14.4% open rate and 1.6% unique click rate.

Reward Redemption Reminder

Generally automated in a monthly email, this notification targets rewards earners in a loyalty program, reminding them that their chance to make good on a reward is about to expire. This trigger can drive incremental purchases, increase month-end reward redemptions and improve customer satisfaction.

Significant Purchase

For customers who recently made a purchase that clocked in at a value significantly above prior spending patterns, this trigger thanks them for their purchase, reward and/or provide recommendations based on prior purchase history.

Browse Abandonment

Usually automated as a daily (or real-time) email, we like this trigger because it targets the ones that got away—aka subscribers who recently browsed your site but left without purchasing anything. Use it to drive a purchase, keep your brand top of mind, and offer proactive customer service.

New Channel of Purchase

Targeted to customers that recently transacted in a new purchase channel (e.g., in-store, online, buy online/pick-up in store, mobile app) this trigger is great for highlighting and reinforcing to your customers the benefits of connecting with you across multiple channels, not to mention driving them to other unchartered channels.

Lapsed Customer

This trigger is all about eliciting a purchase to turn disengaged subscribers back into active customers. It can also help create the potential to reduce marketing spend by identifying any over-targeted lapsed buyers.

Some fair warning: Trigger types are not universal. They are subjective and their success is heavily dependent on a company's unique goals and audience.

And it's one thing to jog through a list triggers; it's another to make them work for you. When we're planning out a marketing strategy with our clients, we'll first review the current state of how they're doing things. Then we'll look at each potential trigger, holistically, to determine if it aligns with their goals.

SEE AND FEEL THE EFFECTIVENESS OF AN EMAIL

By Tracy Antol, Director of Client Solutions
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When a customer interacts with your email, it's tough to tell how they feel about it or what in it catches their eye first (or last). That's a shame, because understanding how consumers respond to communications about your products and services can help refine and improve their overall experience ... and increase conversions.

To bridge that gap, a usability study is a great place to start because it investigates the intuitiveness and overall functionality of your email. But why stop there? My recommendation: Include emotional testing and eye tracking to add a noninvasive layer of physical response measurement to validate and further explain participant behavior.

Members of our research and customer experience team recently released their findings in both emotional testing (using EEG) and eye tracking. Here are a few that apply directly to your approach to email:
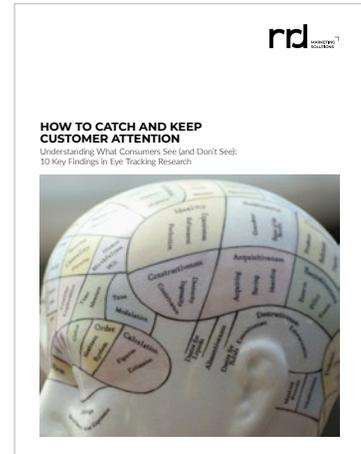
Emotional Testing

Excessive content (e.g., too much to read or too many actions to perform) can make features difficult to locate and create a confusing customer experience, especially when accompanied by significant scrolling and searching.

When our study participants could perform a task quickly, without excessive reading, clicking, or navigating, they demonstrated enthusiastic responses rather than becoming frustrated or confused.

Read this!

HOW TO CATCH AND KEEP CUSTOMER ATTENTION

rrd MARKETING SOLUTIONS

HOW TO CATCH AND KEEP CUSTOMER ATTENTION
Understanding What Consumers See (and Don't See):
10 Key Findings in Eye Tracking Research

Our 10 Key Findings in Eye Tracking Research will help you get a jump on creating visually compelling emails.

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Eye Tracking

Regardless of channel, industry or application, several key findings are consistently present in our eye tracking research:

- When information is reviewed for the first time, an F-shaped browsing pattern is common. Content at the top-left is seen most often. Content in the bottom-right is rarely noticed.
- While large images tend to draw more attention, they can also distract from key messaging and calls-to-action. Imagery that isn't relatable, doesn't match the content, or is overly decorative can be confusing and sometimes irritating to viewers.
- Avoid large blocks of text because today's users are prone to scanning content, not studying it.
- Spelling out a number? Our research suggests that you may want to rethink that, e.g., using "x2" will be seen more often than "Double."

PRECISION Experience Lab℠

From our focus on technology and functional layout to the extra perks that make observing a study more enjoyable, our on-site Precision Experience Lab℠ was built with research in mind.

With over 2,100 square feet of dedicated customer research space, the lab features customizable rooms and innovative wearable technology to provide unbiased, expert results— every time.

LOOKING FOR THE RIGHT EMAIL MARKETING AGENCY? HERE ARE 5 MUST-HAVES

By Lacy Schuette, Senior Vice President, Sales & Marketing
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Click-through rates are abysmal. Conversions are nonexistent. Subscribers are going dark. You need some help.

If you've started the search for an email marketing agency, do yourself a favor and add the following qualifications to your must-have list:

In-house everything. Working with an agency that does everything in-house produces a synergy between all of its different departments. This makes achieving a single record of truth much more realistic.

Flexible engagement model. From full-service to self-service, when an agency possesses a flexible engagement model, you have options. This flexibility is beneficial because a solution will ultimately be customized to address a client's needs rather than simply reflect an agency's preferences.

Analytic excellence. At the end of the day, analytics should be driving your strategy. The impact of this analytics-first approach is felt almost immediately thanks to upfront modeling, which is used to frame a strategy.

Industry-specific experience. Why is it important for your email marketing agency to have industry-specific experience? Two words: strategy and efficiency. With industry experience, an agency should have a firm grasp on what's trending, jargon, audience preferences, and industry-specific best practices.

ESP partnerships. Seek out an agency that has a formal partnership with an email service provider in question (e.g., Adobe, Oracle, Salesforce). Partner agencies go through a certification process that ultimately result in a strong dedication to the platform, not to mention insider knowledge as it relates to implementation, usage advice and upgrades.

Whether your team is sending an email almost every day of the week or managing a subscriber list in the hundreds of thousands—or both—working with a qualified and successful email marketing service provider can often be the missing link to untapped revenue and drastically improved engagement.

RAMP UP EMAIL ROI ... NOW

Talk to a leading customer engagement firm

If your company's email marketing efforts are resulting in insignificant gains, it might be time to reach out for some support (or maybe just a second opinion).

With over 300 certifications across a variety of systems, our expertise is platform-agnostic. Design, build, deploy, measure—we work within client systems to optimize current technology through improved functionality and system integrations.

Recognized by Forrester Research as a leader in "Analytics and Measurement," we exhibit a proven framework for defining, enabling and deploying successful email marketing initiatives—no matter the digital platform.

More About RRD Marketing Solutions

It's the age of the customer. More than ever before, consumers are at the heart of marketing strategies and messaging. They're informed and empowered, and they have high expectations for a personalized experience.

RRD Marketing Solutions helps brands optimize engagement with their customers across all touchpoints—online, offline and onsite. The group activates marketing resources in the most impactful way, through a combination of predictive insights, inspired content and meaningful interactions.

RRD Marketing Solutions empowers brands to execute marketing programs with maximum return and enables customers to experience brands in their own way.

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