EMAIL COMES OF AGE.

Three rules for success as the channel hits its prime.

2016

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At 12:33 EDT on May 3, 1978, Gary Thuerk sent an email that later earned him the title "Father of Spam" (although understandably, he prefers to be called the "Father of E-marketing"). Thuerk, then a marketing manager for computer company Digital Equipment Corporation, sent a mass email inviting recipients to one of two West Coast product demos for a new line of computers.[1]

By today's standards, the send was hardly a mass mailing—just 397 accounts on ARPAnet, the U.S. Defense Department's precursor to the Internet. The technology didn't exist yet to determine open or click-through rates. And luckily for Thuerk, unsubscribe didn't exist yet either.

Thuerk could measure some results from his effort, however, and they were spectacular. Each of the demo sessions pulled in about 20 prospects, netting $12 million in sales.[2]

Despite these impressive returns, email marketing crept along, not making much of an impact until the early 1990s. But with the rise of the Internet, email began to gain legs, transforming from a seen-but-seldom-heard youngster to a raucous teenager whose excesses made a mess of our inboxes.

Today, 38 years after Thuerk's first campaign, email dominates marketing channels. It boasts the broadest reach, the lowest cost, the easiest measurability, and the highest conversion rates and ROI. Some 91 percent of marketing executives call email the single most effective channel for driving revenue.[3]

But never mind the marketing executives: Your customers are addicted to email, even in a world where new digital, social, and mobile channels spring to life every month. They suffer from FOMO (Fear of Missing Out) and treat it by checking email round the clock, spending a whopping 6.3 hours each weekday on average.[8] They check personal email at work and work email at home. They check email when they wake up, before they go to bed, at dinner with friends, at the movies, and in the bathroom, all on mobile devices. Millennials check email more frequently than any other group, and 88 percent regularly use a smartphone to do so.[9]

The temptation—which marketers should resist—is to take advantage of this addiction by blasting more emails. Users may check email constantly, but that doesn't mean they're opening them or making purchases. Globally, only 14 percent of emails are read, according to Return Path.[10]

Why email is still the cool kid.

$38
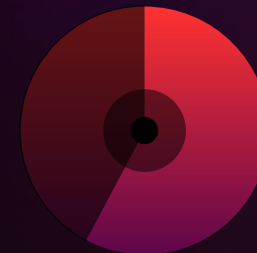Direct marketers earn the highest ROI in the email channel—$38 for every dollar spent.[4]
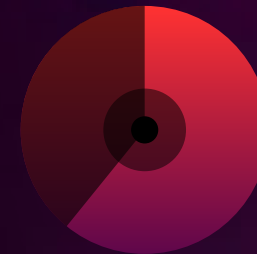
61%
more emails received by consumers in 2016 than in 2014.[5]

14% and 12.8%
increase in transaction rates and revenue per email respectively in Q4 compared to Q3 2015.[6]

58%
of Americans would rather receive communications about products and services in their email inbox than anywhere else.[7]

When email marketing FAILS TO LAUNCH.

Addicted though they are, your customers love to hate email. They complain bitterly about inbox overload, random and irrelevant messages, and bombardment by brands. The sought-after millennials get distracted by other channels, from Instagram to messaging apps, and often open emails only from brands they love or senders who spark their interest with timely, intriguing messages.

Despite the availability of smarter tools and technology, email marketing is now struggling to make the transition to adulthood. Ultimately maturity requires marketers to take responsibility for what they put out. It's clear that the impersonal, mass-blast email no longer fits today's customer-centric world.

Today's customers expect to be recognized and catered to. Amazon, Zappos, Uber, and Starbucks have raised expectations for experiences from ordering online to getting a ride to picking up coffee. Companies that want to compete and survive must deliver the same experience with email. Give your customers the personal, relevant, real-time information they crave, and you increase their satisfaction and your revenues.

Why the cool kid sometimes eats lunch alone.[11]
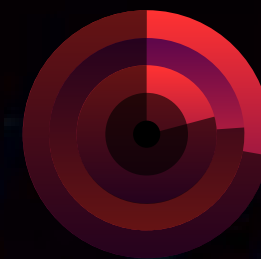
40% of Americans want to see less email.

**32%** want to see fewer repetitive emails from brands.

28% get annoyed when they need to scroll (much) to read an entire email, 24% when the layout is not optimized for mobile, 21 percent when they have to wait for images to load.

Thriving email programs have
GROWN UP.

Marketers who are making a mark are moving in a new direction—one focused on listening and reacting to customers, not on pushing products and promotions. And customers love it. Email campaigns based on customer-centric versus product-centric strategies present a huge opportunity. These emails not only achieve significantly higher conversion rates, but they can drive a 4x increase in incremental revenue.[13]

So how can you launch your email marketing program into a successful and satisfying future? Marketers today have the advantage of compelling data drawn from umpteen sources, tools that can make emails seem custom-built for the recipient, and team members with the words "customer experience" right in their titles. We'll get you started with four rules for adulthood—along with some don'ts and do's—to propel your email program into its prime.
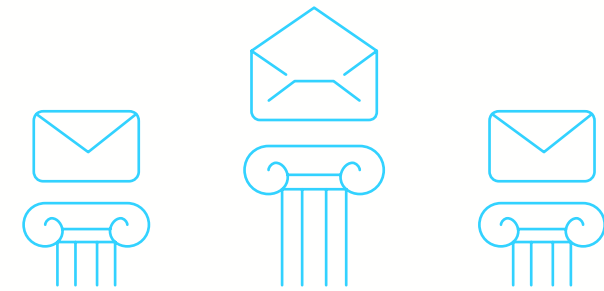
How mature are email marketers?

The Relevancy Group categorized marketers who responded to their email marketing survey into three classes based on the maturity of their programs.

- "Classic" (54 percent) use basic strategies, such as emailing lapsed customers, including basic personalization fields, and cross-selling, but not deeper personalization and segmentation.
- "Dynamic" (32 percent) use more advanced, real-time strategies, such as automated remarketing, coordinating emails with other channels, and capturing customer feedback.
- "Contextual" (14 percent) have mastered data management and access, strong content management and personalization strategies, real-time and contextual email experiences, and executive buy-in and support.

Note that not only are "contextual" marketers more successful, but 93 percent strongly agree that they are very satisfied with the effectiveness of their programs, compared to 72 percent of "dynamic" and 43 percent of "classic" marketers.[14]

RULE #1: It takes a village to launch a campaign.

Thuerk was a maverick—enough so that he didn't discuss his rogue email marketing strategy with his boss before he implemented it. Back in 1978, he didn't need to coordinate messages or collaborate with marketers in competing or complementary channels. And there weren't analysts standing by, advising him on how to achieve the highest conversion rates.

Going solo may work if you're sending only one marketing email—ever. (Yes, ever: Thuerk was quickly shut down.) But you, on the other hand, want to succeed as a mature email marketer sending out millions of emails with such personal, timely, and in-context information that you could have been a contender for "Most Popular." You need to start with a marketing strategy that benefits from C-suite buy-in, cross-channel synergy, and analytical insight.

Too many email marketers face obstacles to maturity that include a lack of leadership support and an organizational structure that doesn't fit a collaborative approach among channels. They're also hamstrung by the urgent need to find and keep the right people as analysts.[15]

So how do you effectively transform your email strategy across all channels?

Eighty percent of "classic" marketers report that they aren't able to collaborate effectively with other channel owners to drive integrated marketing campaigns.[16]

Communicate with all stakeholders from the get-go.

Start by explaining how a cross-channel strategy benefits email marketing and digital marketing as a whole. Email, digital, social, mobile, and powerful emerging channels work in synergy to move customers toward conversion. What do the non-email channels contribute? Information and incentives to engage with email—and vice versa. It's all part of a seamless conversation that lets customers pick up where they left off without missing a beat.

To do that, you need to share and integrate data across channels, so you all gain insights for advanced targeting and greater engagement. Make sure everyone impacted knows the plan, understands the upside—and downside—and signs off on the program. "Buy-in is a whole lot easier when you have the right stakeholders in the early conversation versus trying to sell up later," says Sachin Shroff, senior director of customer performance optimization at The Container Store.[17]

Get executive support for your cross-channel strategy.

CEOs understand numbers and benefits for the company, both short- and long-term. In the short term, you expect to drive more revenue by upping your email marketing game. You can show your C-suite the lift other email marketers have achieved by following this path. But in the long term, you create operational efficiencies when marketers across channels, brands, or geographies share tools, processes, data, templates, assets, and learnings.

Shroff says that fewer guards go up if you approach with the idea of testing a small segment of the market to prove out a strategy's potential. Then let the data speak for itself. If you can find a few quick wins, you can drive immediate value and build your business case for future funding.

Organize teams around the customer.

It's been years since companies could go to market according to the org chart and succeed. But the various marketing channels and IT teams at most organizations are still at least somewhat siloed—and budget constraints often limit investments in tools and personnel that could make integration easier. That's critical, because cross-channel marketing requires working in teams that cut across functions.

To work in this environment, your structure must revolve around the "me"-centric consumer.[18] And that consumer does not live in a siloed world—he interacts with you via email, social media, mobile apps, the web, and in your brick-and mortar store, if you have one. If your goal is to put out consistent and coordinated messages and offers as part of his experience with you, your structure needs to reflect that.

Baxter Credit Union transforms into a cross-channel marketing organization.

As one of the fastest growing credit union in the United States, BCU serves more than 200,000 members. But after knitting together some 400 partner companies through mergers and acquisitions, more than half of its members didn't have access to a brick-and-mortar branch. The upshot: BCU needed to translate the warm, personal feel of a branch visit to the remote channel experience.[19]

The marketing team surveyed BCU executives to gather feedback and insights and combined this with industry research to produce a "ridiculously detailed evaluation criteria matrix for multi-channel management."[20] The critical piece was convincing the key influencer—a cost-conscious CFO—that a new campaign management system coupled with a true marketing database would transform BCU.

The results made even the CFO happy with the investment. BCU delivered 31 percent more campaigns in 2014 compared to the prior year, to more highly targeted segments. Account balances increased by 28 percent and account openings rose across the board, with one category growing 76 percent.[21]

"Think about how your decisions impact the larger organization and how you can create a collaborative vision."[22]

GAVIN BROWN
marketing analytics manager
BCU

RULE #2: Integrate cross-channel data for the best customer conversation.

Thuerk hand-picked the audience for his email based on their potential interest in his company's new computers and the upcoming demos. Given that all recipients were ARPAnet users, he could also make some assumptions about their demographics. But beyond that, he had little data aside from the ARPAnet directory.

You do. And to execute on the strategy you've put in place, you need data not only from emails, but from a host of online and offline channels. Tying together data in an integrated, centralized database that everyone can use will enable your email program to be part of a coherent conversation across your brand and support the transformation from product- to customer-centric.

Centralizing the customer database and making it actionable across channels was among the top five 2015 email marketing priorities for marketers polled by the Relevancy Group in December 2014.[23]

Use an email address to connect channel data.

You likely know a good amount about your customers before they ever sign up for your email program. For example, you may have a user's web browsing data from your website stored for a particular profile. Once that user authenticates their identity by signing up for your email program, you can immediately use their previous browsing information for personalized follow up emails.

The Container Store uses their Perfectly Organized Perks (POP) loyalty program as a way to collect email addresses of high value, loyal customers.

"We use that unique identifier to stitch together years of data sitting in all these databases—transaction, web, email, and direct mail—to get a better view of how our customer is shopping with us," Shroff says.[24] The company weaves data from customer interactions with the brand into a single profile that every channel can access. Doing so lets marketers see where the customer shops, whether she responds to direct mail, when she's on Facebook, and where she finally makes a purchase.

Recognize that it takes time to architect and design an integrated database.

Companies that suffer from siloed marketing channels often suffer from siloed databases as well. To architect and design a database that connects data across channels—whether email, Facebook, web, or transactions—and works smoothly for campaign management can take several months. But once you do the legwork, you can quickly put links together and get a campaign out.

"It's critically important to understand the data and its structure, and how you can formulate it so you can take the best possible advantage of it once you bring it into a campaign," says Tony Arbelaez, senior database manager at Travelocity. "We spent months in design sessions identifying, streamlining, and indexing data before we started shipping it to our campaign platform. When it got there, it was very well interconnected."[25]

Look beyond your online or email-only data.

The most powerful integration occurs when you also bring in data from sources such as point of sale, customer relationship management, and third parties. As eMarketer points out, "Not only does such data provide a more end-to-end picture of customers and their relationship with a company, it also provides valuable intelligence that can be fed back into this cross-channel strategy—even as a means to find those who are 'best customers' from an in-store revenue standpoint but are largely unresponsive to email. Once such customers are found using this or other customer-rich data, the goal is to identify more relevant methods of continuing a dialogue."[26]

Travelocity is now implementing a sophisticated modeling approach that uses a mashup of customer's booking and website activity plus third-party data to predict what might resonate with other customers with similar demographics.[27]

Determine which channels drive conversion.

If email is part of a customer conversation, it's tempting for email marketers to take credit for every conversion that results. But that could keep you from understanding what channels drive your customers. For instance, a typical journey for a Container Store customer might start with an exclusive offer to encourage a travel product purchase. She may click on that email and go to the website, where a banner reminds her she can get 20 percent off her next purchase. The company can retarget with 20 percent off on Facebook or with display advertising on the Lowe's or Williams-Sonoma websites.

With all the marketing noise today, it may take several channels to get a customer's attention. After you bridge channels and use them for outreach, it pays to look holistically at the impact.

Putting channels to the conversion test.

The Container Store sets up experimental designs that include multiple channels to identify which channel or combinations drive the most conversions. Groupings could include customers who receive

- direct mail only.
- email only.
- targeted display advertising and targeted social advertising.
- direct mail and email.
- email and targeted display advertising and targeted social advertising.
- direct mail, email, targeted display advertising, and targeted social advertising.

Each group has its own control group and also acts as a control group against all others. All groups are a random sample large enough to be statistically significant.

"Once the campaign is complete, we compare the results of the different groups against one another to understand which channel or combination of channels drives the highest conversion—informing us which channels or combinations we should invest more money in during future campaigns," Shroff explains.[28]

Enhance customer email marketing data over time, enriching insights.

It's not just email marketing becoming more complex—your customers' lives and needs shift over time too. And as they change, you need to modify your outreach. That requires a priority on data management, reporting, and analytics. It's critical then to select a data management tool that lets you easily incorporate new data for a minimal investment of time and money.

"Understand your data, formulate it in a way that you can consume it easily...and use it to create very targeted emails with the customization and personalization that's desired."[29]

TONY ARBELAEZ
senior database manager
Travelocity
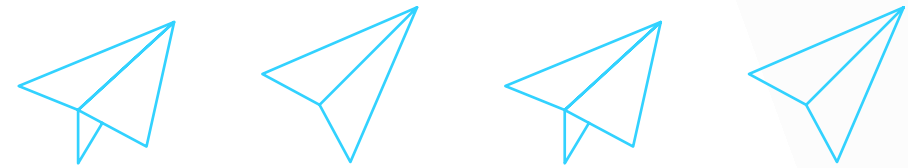
Travelocity uses data to help travelers "Wander Wisely."

Since 1996, Travelocity has allowed customers to reserve, book, and purchase tickets online. Today the company aims to present customers with the best deals for the places they want to go and the dates they want to travel. But to do that, Travelocity needed structured data to use in the campaign management system.

The marketers and data warehouse worked together to decide which of the 2.25 terabytes of data available should be brought into the campaign management platform. To deliver the highest level of personalization, Travelocity preprocesses their data, including 11.8 million hotel deals and 40,000 unique flight offers every day. This cuts workflow time—from 9 hours to 2.5 hours in one campaign.
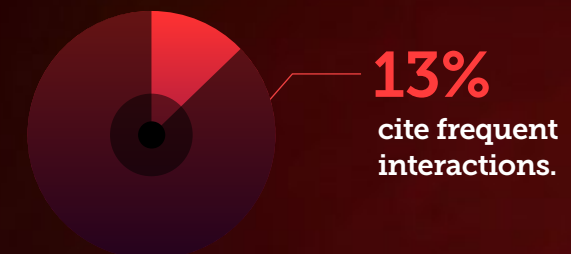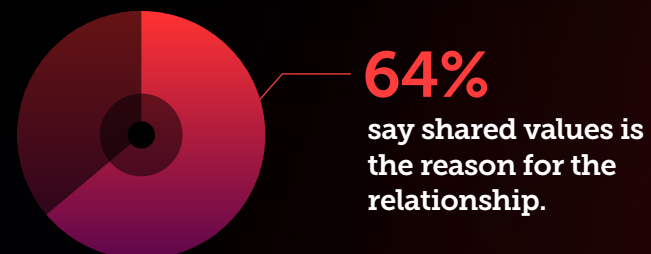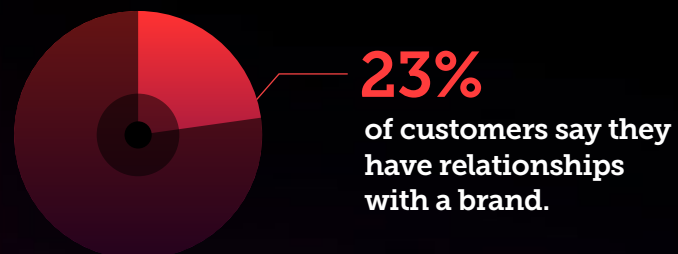
RULE #3:
It's not about you—it's about your customers.

Whether you think Thuerk sent the first commercial email or first spam, credit him with another first: the original segmented email. In 1978, there were about 2,600 ARPAnet users. Yet Thuerk sent an email only to 15 percent—those working in target user organizations on the West Coast. He did that by asking his product manager to painstakingly type each name into the DEC email system.

You have the advantage of data and much more advanced technology to personalize, to customize, and to delight. You may send more or less emails than you did in the batch-and-blast days, but now you can do so with more relevant offers to more targeted audiences—giving you a greater chance to engage customers and drive sales.

Yes, you can build brand loyalty through email, but not by sending email after irrelevant email hoping one will hit. The good news for your customers is that they won't waste much time: Email readers typically spend less than 3 seconds—about 12 words—with an email.[31] That's how long it takes them to scan, decide if it's relevant, and act or not.

To create personal and contextual messages, make sure you're incorporating the following tips into your cross-channel email strategy.

23%
of customers say they have relationships with a brand.

64%
say shared values is the reason for the relationship.

13%
cite frequent interactions.

-Harvard Business Review[30]

Personalize emails with dynamic content.

If you think you're personalizing by inserting [YourName] into the salutation, the gig is up. Most customers simply get annoyed by superficial personalization.

Arbelaez says, "Personalize not by name, but by content."[32] The content of your email should tell your customers you know who they are and what they're interested in. Use integrated customer data you've gathered and analyzed, such as location, date, time, and weather.

Travelocity personalizes based on a variety of factors, including destination and dates of travel, home airport, preferred airline, and requested My Deal Alerts. The result is emails with extraordinary open and click-through rates compared to standard promotional emails.

Remember that timing is everything.

If a customer isn't engaging with your brand, it may be time to reduce email frequency, test an alternative send time, engage through a different channel, or use a reengagement campaign. Remember how bad desperation looked in school? It doesn't improve with age. And fewer, more relevant emails could achieve better results.

You can also ask customers how often they want to hear from you. For example, customers who subscribe to Travelocity My Deal Alerts can specify how often they would like to receive emails depending on how urgently they need the information to book a trip.

But sooner may be better: The most meaningful content is the kind that matters now. "The closer that we can communicate with the customer compared to the time they actually shop, the better. The open rate on those campaigns are much higher than emails they receive a day or two after their activity," Arbelaez says.[33]

The Container Store taps loyalty program to get a 360-degree customer view.

The Container Store began as a mom-and-pop shop 38 years ago and now boasts 82 stores across the country. Since going public in 2013, the company has been reimagining its operation. That year, the company launched its Perfectly Organized Perks data-driven loyalty program—and one of the primary goals was to use it to connect customer data and create smarter campaigns.

First, The Container Store made the POP enrollment process a snap for customers by requiring nothing more than an email address. The company then transformed the database in-house to make email the unique identifier. With that, they were able to connect all the myriad databases the company used, from CRM to POS to direct mail, to develop unique profiles for each customer. To learn even more, the company sends a "Welcome" email when a customer enrolls in POP. If customers respond, they're rewarded with an exclusive offer within 24 hours.

The Container Store tests constantly to identify the best offers and rewards for high-value customers. Although the company sends the same number of emails, they're now segmented for up to a dozen audiences.

"I believe less is more and, if an email isn't relevant, it shouldn't be in a customer's inbox. Find the balance and test through it. More-targeted, relevant messages may drive more sales."[34]

SACHIN SHROFF
senior director
The Container Store

GROW UP NOW
or get left behind.

If you're not already running a mature email marketing program, you now know what's possible. And you may think you have time to grow, given that over half of email marketers are still using the "classic" model. So if your emails can still be described as batch-and-blast instead of target-and-tantalize, you need to pivot.

1 **Start with a vision, a leader who supports you, and a team with the necessary skills.**

Make sure you're bolstered by an organizational structure that encourages cross-channel collaboration. Then invest in tools that unite your team and produce operational efficiencies.

2 **Integrate your data across channels.**

Tie together information via your customer's email address. Once you've tapped the in-house data, look outside to fill in the blanks.

3 **Send emails that your customer wants to receive.**

Focus on providing content relevant to the customer, whether you've determined what he wants through cross-channel behavior, account preferences, or lookalike modeling. And don't forget that that frequency does not build a relationship—good experiences do.

Take the email marketing self-assessment.

Before you head off into the future, it helps to know where you are now. Take Adobe's Email Marketing Self-Assessment to assess your email data, content, delivery, and strategy. Once you've finished, you'll be able to view your anonymous results and receive a comprehensive follow-up report. To learn more, go to www.EmailMaturityModel.com.

ADOBE can help.

Adobe Marketing Cloud enables you to use data to effectively reach and engage customers and prospects with highly personalized content across devices and digital touchpoints. With its complete set of solutions, as well as real-time dashboards and an interface that encourages collaboration, you can combine data, insights, and digital content to deliver the best brand experience to your customers.

These Adobe Marketing Cloud solutions work together to help you move toward email marketing success:

Adobe Campaign simplifies the management of email marketing campaigns and empowers the delivery of personalized experiences across channels to facilitate offers and loyalty programs.

Adobe Analytics attributes revenue from digital interactions back to email programs and allows for real-time triggers for email remarketing.

Adobe Experience Manager seamlessly connects creative and marketing teams to ensure your digital assets are always up-to-date and relevant.

Adobe Target presents dynamic content at the time an email is opened based on contextual clues, such as date, time, location, and preferences.

To learn more, go to: http://www.adobe.com/marketing-cloud/cross-channel-marketing/email-in-context.html.

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