



STRANDS
RETAIL



**HOW PERSONALIZED EMAIL
MARKETING BOOSTS SALES UP
TO 2X OVER REGULAR EMAIL**



PERSONALIZATION MATTERS

In 2011, the web content management provider, Epicenter, did research on the effectiveness of email communications for online retail. Part of that research included surveying the heads of marketing at dozens of online stores to get their unfiltered opinions on email as a selling vehicle.

They found that fully 1/3 of these marketing executives thought that personalized email campaigns are “highly effective and measurable.”

Further, 15% of respondents said that personalized campaigns clearly delivered a far better response rate than mass-market email blasts.

Interestingly, 64% of the respondents participating in the survey said that they were not using personalization strategies at all in their email communications. If they were, maybe way more than 1/3 of the respondents would say that personalized email was “highly effective”! Just a thought...

Email as a marketing sales tool just keeps on hanging around through the years. Around 2010, with the emergence and then mass adoption of social media and the “new, new” instant messaging services like What’sApp and others, people thought that email would quickly disappear as a commerce vehicle.

However, there it still is, as important and powerful as ever. Probably more so, even.

We’ll table for another time the debate over whether email is more important now than 5 years ago, but, we can almost certainly agree that it is a very important marketing channel today -- and that it will remain one for the foreseeable future.

So, it’s probably worth understanding what marketers can do to make it work as effectively as possible to maximize its potential

“personalized email campaigns are highly effective and measurable”

Marketing executives

Epicenter marketing survey 2011



THE IMPACT OF EMAIL

Let's start with a baseline

A well-planned and managed email marketing program without personalization should contribute 10-20% of the online retail channel's revenue.

The other components – display and retargeting advertising, PPC and SEM campaigns, investments into driving better SEO, and other marketing initiatives – make up the rest. What makes email so effective and in ways more important, however, is its excellent ROI equation: compared to most other marketing channels, for every dollar spent on email, there should be around \$4.00 in return.

Let's do the quick math

Emails sent per year	1,000,000
Total cost of 1,000,000 emails	\$1,000
Open Rate: 20%	200,000 emails opened
Click rate on the email: 5%	10,000 clicks to website
Conversion rate on website: 8%	800 sales
AOV of those products	\$60
Total Revenue	\$48,000
Cost (one year)*	\$12,000

The result? A 400% ROI. Impressive, indeed.

* Of course, this number can vary by retailer, but around \$1,000 per month to put together the content and send it out seems conservatively reasonable.



PERSONALIZATION

“Basic personalization is an absolute must, and will increase sales between 10 and 50% as soon as it is integrated.”

Clearly, email is cheap and it delivers a ton of value for the money. We invite you to plug in your own email statistics reality into [this useful email campaign ROI calculator](#) to see what your exact results are.

Email marketing can be turned into an even bigger performer when you add one particular feature to it: **personalization**.

First, let’s quickly discuss what personalization is and how it can help your retail sales efforts for website, and then we’ll talk in some depth about email personalization.

Personalization for website

In short, personalization for website is something that most retailers already use. 86% of the IRCE have some form of personalization on their website, so it is not a new concept. However, if there are any retailers who do not have personalization on their website yet, you need to explore the [Foundations of Personalization](#)).

Basic personalization is an absolute must, and will increase sales between 10 and 50% as soon as it is integrated. (Side note: Read one of our many [Case Studies](#) that prove this growth claim, all of which are supported by hard data).

Personalization can take many forms, but always include product recommendations (“Based on your recent purchases, you might also be interested in these items,” etc.) and can go much further, into completely personalized website look-and-feel, 360-degree views of the customer, deeper customer profiles, and more.



Personalization for Email

Like personalization for website, email personalization is an iron-clad way to raise clicks, AOV, and sales conversion. As proof of this, in late 2013, Experian Marketing Services released its 2013 Email Marketing Study (see it here), which first analyzed how marketing departments at online retailers use email, and then discussed best practices for email marketing, including personalization, social integration, customer preferences, and mobile.

Experian's key findings

Personalized email lifts transaction rates and revenue up to six times more than non-personalized emails.

However, only 30% of retailers actually use personalization in their email communications. Breaking this down further, Experian said that open rates on personalized email are **26% higher open rates than regular email, and messages with personalized content had a 41% higher click rate than anonymous ones.**

So, let's compare the ROI equation for standard bulk email -- which is already very strong -- against personalized email.

CAMPAIGN TYPE	STANDARD	PERSONALIZED
Open rate	20%	25%
Clickrate back to website	5%	7%
Conversion rate	8%	12%
AOV	\$60	\$75
Total revenue	\$48,000	\$157,500
ROI	400%	1300%

As you see, with a 26% increase because of personalization, open rates jump from 20% to 25%, and a 7% click rate for personalized email vs. 5% for standard, anonymous campaigns.

Conversion rate jumps due to much higher intent, as does AOV overall, which we'll get into shortly. The end result is astounding:

Up to \$157,500 in revenue from a \$12,000 investment – a 1300% ROI!

Convinced yet?



HOW TO PERSONALIZE EMAIL COMMUNICATIONS

There are a lot of small things that can help to personalize the email experience, like referring to customers by their first name in the subject line, etc. These are somewhat helpful, but they likely won't move the sales needle much. Let's discuss the actions that will move the needle most of all, and have the greatest effect.

As with personalization for website, data is king when it comes to personalization for email. Thanks to the immense customer behavioral tracking and corresponding data that are already present on most retailers' websites, many personalization companies can translate or transfer that customer data to their email channel.

Segmentation = The Key to Performance Improvement

The most important thing to keep in mind about optimization of email communications is that one size does not fit all. Different people like different things, have unique buying habits, shop with different frequencies, and have individual financial situations and budgets. As a result, it follows that it's good sense to make offers based on shoppers' unique habits, likes, and circumstances.

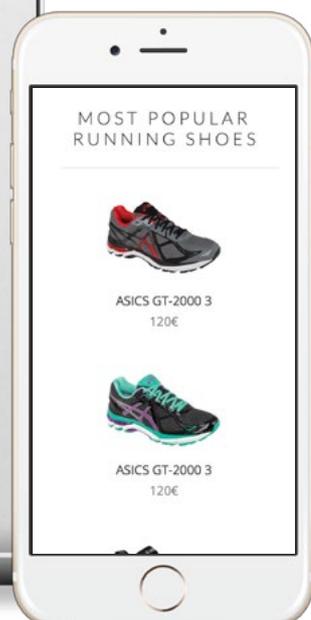
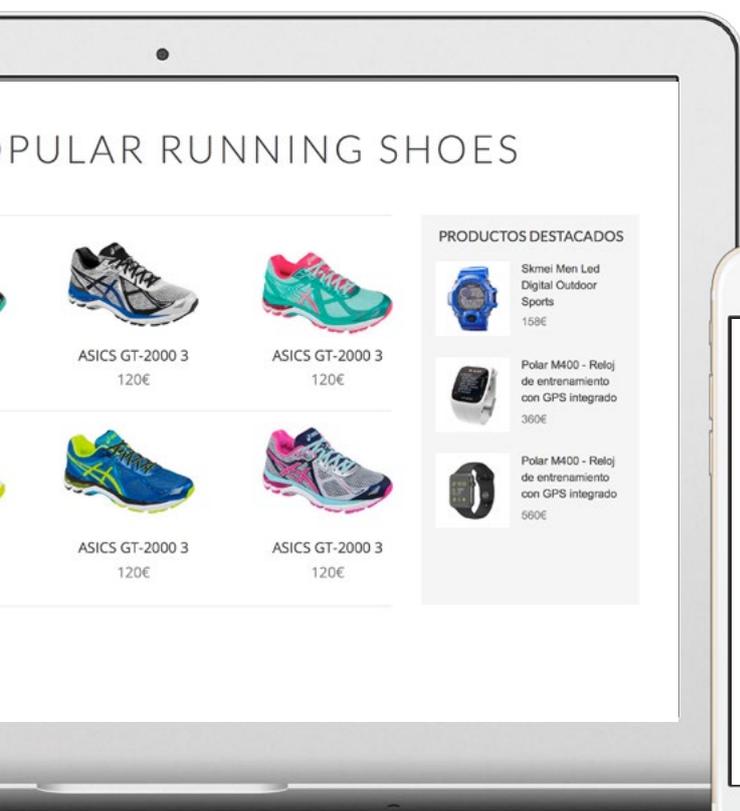
For example, sending out a "Best Sellers This Week" email to everyone in a CRM database does carry value and a retailer should expect to see a return on that effort. However, will it generate the best possible ROI? Not by a long-shot. What would be far more effective would be to send individualized email content and offers to shoppers.

For example, with email personalization, a simple segment that a Sporting Goods retailer could create would be something like:

Golf fans; Tennis fans; and Basketball fans

The sporting goods retailer can segment these customers into the above 3 buckets because they know what those customers' past purchase history is, and can easily segregate them.

A segment like the one above, while fairly rudimentary, is simple to create. More importantly, it empowers the sporting goods marketer to make more



Which of the following email subject lines is more powerful for the **golf enthusiast**?

“See our Best Sellers this Week”

or

“Masters Week: See the Gear the Pros Used at Augusta”

Further, segmentation can get far more granular, and thus, far more powerful and lucrative. In addition to segmenting customers by preference, retailers can segment by:

- › Amount spent last visit
- › Time on site since last visit
- › Time spent on site last visit
- › # of visits per month
- › # of visits this month vs. last month
- › Brand preference
- › Products left in shopping cart 1, 2, or 3 visits ago
- › Products seen but never added to cart

and TONS more...

THE 3 PARTS OF A PERSONALIZED EMAIL

Once a retailer has created segmentation, it's important to understand that these segments may change, and that new segments will arise with time, so it's helpful not to adopt a "set it and forget it" mentality when managing segments. They will change, and the marketer needs to keep searching for and creating them.

However, with these segments, the retailer now has a great opportunity to personalize the email, and there are 3 primary ways to do it:

1. CONTENT

Gear the content to the interest of the shopper. Continuing with the sporting goods example, a golf fan would much rather receive an email with the following subject line:

"How Jordan Spieth Went Wire to Wire at the Masters" than "Summer is Almost Here!"

If the corresponding content contained links to articles (or better yet, original content) about Jordan Spieth, the customer is far more likely to be engaged.

2. OFFERS

It'll be far more meaningful to shoppers if they receive offers that interest them (based on their segment) and more relevant [based on items that they have viewed but not purchased yet, or that they might like because people similar to them have enjoyed (collaborative filtering)].

So, it's important to leverage the power of the personalization engine for email, and include 4-6 personalized offers in all email communications.

3. INCENTIVES

When discussing incentives, one key thing stands out: it's really important to find the balance between what it will take to increase the likelihood of a conversion, but, at the same time, not to give away too much margin in order to make that sale.

This is difficult and delicate ground, but retailers should work towards understanding what is the correct amount of incentive to give EACH of its customers in the form of discounts, rebates, coupons, etc.

For the customer who has purchased 10 times in the past year and spends an average of



THE POWER OF PERSONALIZATION

In this way, it's clear that personalization for email is not just effective at increasing sales; it can also be used to maintain margin. Strands Retail is currently working on solutions that will help retailers know when to offer an incentive and when it should be withheld.

From our Barcelona HQ and offices in San Francisco, Miami, Madrid & Buenos Aires, we serve market leaders like Panasonic, Disney, Ashley Stewart, Chewy.com, Markafoni

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