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Relationships Write The Next Chapter For Email

Lessons Learned From Slower-Moving Email Marketers

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EXECUTIVE SUMMARY

Email success among marketers of apparel, home goods, or travel is obvious because it's measured in sales. Financial services and consumer packaged goods (CPG) manufacturers find the value of email more challenging to defend because they are limited by security and data constraints, or because they don't sell direct to the consumer. However, precisely because of these constraints, email practitioners in these industries have developed some great relationship-building best practices that any interactive marketer can leverage. All practitioners should infuse their emails with user-generated content and increase their usage of analytics to deliver ever-more relevant messages.

SOME INDUSTRIES FACE EMAIL ROADBLOCKS

Part of the marketer toolbox for nearly 10 years, email is a well-oiled machine for many direct marketers — particularly retailers and travel companies like J. Crew and Travelocity. These firms' high-profile programs deliver easily measurable results: online sales. Some marketers who have been slower to adopt email — like financial services and CPG firms — worry that their programs will never reach the ideal set by direct marketing leaders. Why?

- **Financial services must protect customer data.** Financial services firms face a two-pronged challenge in leveraging profile and behavioral data for emails: 1) consumers worried about fraud and identity theft won't share much personal information, limiting the depth of profile data financial services marketers collect; and 2) financial services hesitate to share personally identifiable information outside of their company, so they struggle to find vendor partners to help with segmentation or personalization efforts.¹
- **Few CPG brands have direct customer relationships.** Like financial services marketers, brand manufacturers have trouble gathering consumer profile data, but for a different reason: They don't sell direct. CPG firms can't link their email efforts with sales at retail stores because retailers rarely share personally identifiable information with manufacturers. This means that CPG firms must use email to actually establish a connection with consumers — based on limited direct interactions — a difficult proposition compared to direct marketers who are already familiar to consumers and can build off of a deep transactional history.

CPG And Financial Services Focus On Email Relationships

Ironically, because financial services and CPG brands cannot easily drive sales through their emails, they have innovated in other ways — using email marketing to build relationships over time. In fact,



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marketers of all types can take some relationship marketing lessons from less-often-heralded financial services and CPG email programs, such as:

- **Write newsletters in the voice of the customer — literally.** Including user-generated content in emails is a sure way to boost relevance.² Kraft Foods emails out recipes and then posts subscriber feedback in future newsletters. KeyBank takes “the voice of the customer” one step further and actually employs college students to write for its new College Notes quarterly newsletter published by the bank’s student payment plan and loan division. The newsletter provides honest advice on the social and academic aspects of college — direct from one student to the next. And it positions KeyBank as a trusted connector among the college community with a subscription rate of 40,000. A low unsubscribe rate —less than 1% —and click-throughs as high as 35% have given KeyBank’s business lift. Based on the success of College Notes, KeyBank is increasing its frequency and launching similar programs for parents and graduate students.
- **Tie email to cross-channel loyalty programs.** Loyalty programs help companies amass data to fuel customization of their email programs. At registration, P&G’s Pampers collects children’s birth dates, which allows it to send newsletters with advice for parents appropriate to their child’s stage of development. User interaction on Coca-Cola’s Web site for its cross-channel loyalty program, My Coke Rewards, reflects users’ core passions and preferred brands. Based on this and other behavioral data, Coke calculates an engagement score for each user. Because Coke also uses unique on-package product codes as part of its rewards program, the company can gauge the level of program engagement that individual consumers have with the brand. All of this information is updated and scored in real time, allowing Coke to send dynamically customized emails to its most active users.
- **Tap email for market research.** Involving customers in product development helps them feel more connected to the brand. During the product registration and warranty process, consumers can opt-in to receive both market research surveys and email marketing communication from Black & Decker. Surveys about what drives product use and purchase coupled with responses to email content feed marketing communications and product development. Black & Decker finds that purchase intent among consumers who have contributed to a new product idea is higher —by 500% — than among consumers not involved in research.
- **Let users choose their preferred channel.** Charles Schwab found customers were hesitant to open accounts online due to security concerns. In a recent campaign, in addition to providing a link to sign up for their new product, the investment bank invited customers to call a customer service representative directly to lessen their fears around compromised security. It may seem counterintuitive to think about using email to encourage individuals to call a marketer directly, but this is precisely what Charles Schwab has done to resounding success in the campaign it launched in April.

RECOMMENDATIONS

BYPASSING INDUSTRY CHALLENGES EXPANDS THE REACH OF EMAIL

While CPG and financial services demonstrate several valuable relationship-building email applications, these best practices don't neutralize all of their email concerns. To get around their email roadblocks, we recommend these marketers:

- **Create customized, not personalized, emails to skirt security concerns.** Financial services firms manage data security in a range of ways, from developing proprietary email software to forcing email outsourcers to go through rigorous security audits. While the right solution will certainly vary depending on a given firm's technology and legal restrictions, we encourage financial services marketers not to let security concerns stymie their email innovation. Customized emails don't have to include personal financial histories at all so long as the email provides relevant content that provides user benefits. KeyBank's education newsletter focuses on the social, not financial, aspects of college life. Security definitely matters, but marketers should use the data they can access to do as much segmentation as possible.
- **Use product registration to initiate consumer relationships.** CPG marketers have a dual challenge: collecting customer names and customizing emails with limited direct consumer data. Black & Decker encourages sign-up for email newsletters and market research surveys at product registration, and some companies, including Coke and P&G's Pampers, created loyalty programs that drive email subscription through the promise of rewards. Email customization is like a snowball: Marketers should learn to use the data they have and customize more as they collect more data.
- **Measure email value beyond sales.** Coca-Cola's consumer relationship marketing manager said that it is "most challenging to relate email to increased sales." But because email builds consumer relationships beyond commerce, marketers must track more than just email conversions.³ By monitoring Web behavior and slowing click-through rates over time, Coca-Cola identified and emailed lapsing loyalty program members, re-engaging 65% of responding lapsed consumers before they became completely inactive in the program. As a measure of engagement for its email program, Black & Decker tracks click-through rates for links embedded deep in the message to gauge if subscribers read entire emails rather than just skimming the images.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

Black & Decker	L'Oreal
Charles Schwab	U.S. Bancorp
Coca-Cola	Wachovia
KeyBank	

ENDNOTES

- ¹ Transferring personally identifiable financial information outside of company firewalls opens up financial services firms to fraud. Adding to consumer concern are 30,000 phishing Web sites driving consumer concern. Source: "Phishing Activity Trends," *Anti-Phishing Working Group*, June 2007 (http://www.antiphishing.org/reports/apwg_report_june_2007.pdf).
- ² More than a quarter of online consumers have submitted a rating or review of a product or have contributed to a discussion board, community sites proliferate, and consumers trust their friends and family more than other sources for information. Email marketing is starting to take advantage of this trend by including polls, surveys, and consumer stories in newsletters and other messages. See the January 25, 2007, "[Leveraging User-Generated Content](#)" report and see the March 12, 2007, "[Email Can Start Your Social Computing Engine](#)" report.
- ³ Marketers should focus less on open and click through rates and more on engagement over time. Marketers no longer need to push the end consumer through a funnel with a sale as the end result. Engagement, which includes four components: involvement, interaction, intimacy, and influence, provides a more complete picture of consumers' understanding of brands. See the September 23, 2003, "[Email Metrics Beyond Opens And Clicks](#)" report and see the August 8, 2007, "[Marketing's New Key Metric: Engagement](#)" report.