Email Frequency & Customer Contact

BEST PRACTICES

Implementing the Optimal Customer Contact Strategy

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Introduction

This ebook includes information and examples for marketers needing to establish or improve their Contact Optimization strategy and implementation. It will lay out the process for how you can increase customer lifetime value by sending only the most relevant emails to your customers through Contact Optimization.

You have a new customer!

Congratulations!

Perhaps the customer provided an email at the point of sale, browsed your site, added some items to a shopping cart or signed up for a promotional offer?

Now what?

When a customer interacts with your brand, a plethora of possible opportunities to engage with that contact instantly become available. Whatever the interaction, as marketers, we know that we need to immediately respond and begin to develop a relationship with that customer.

Are your marketing teams competing for the customer's attention?

Product Marketing

Loyalty Program

eCommerce Channel

BRAND-A

BRAND-D

BRAND-B

BRAND-C

Seasonal/Holiday Promotions

······ **Irrelevant**
······ **Relevant**
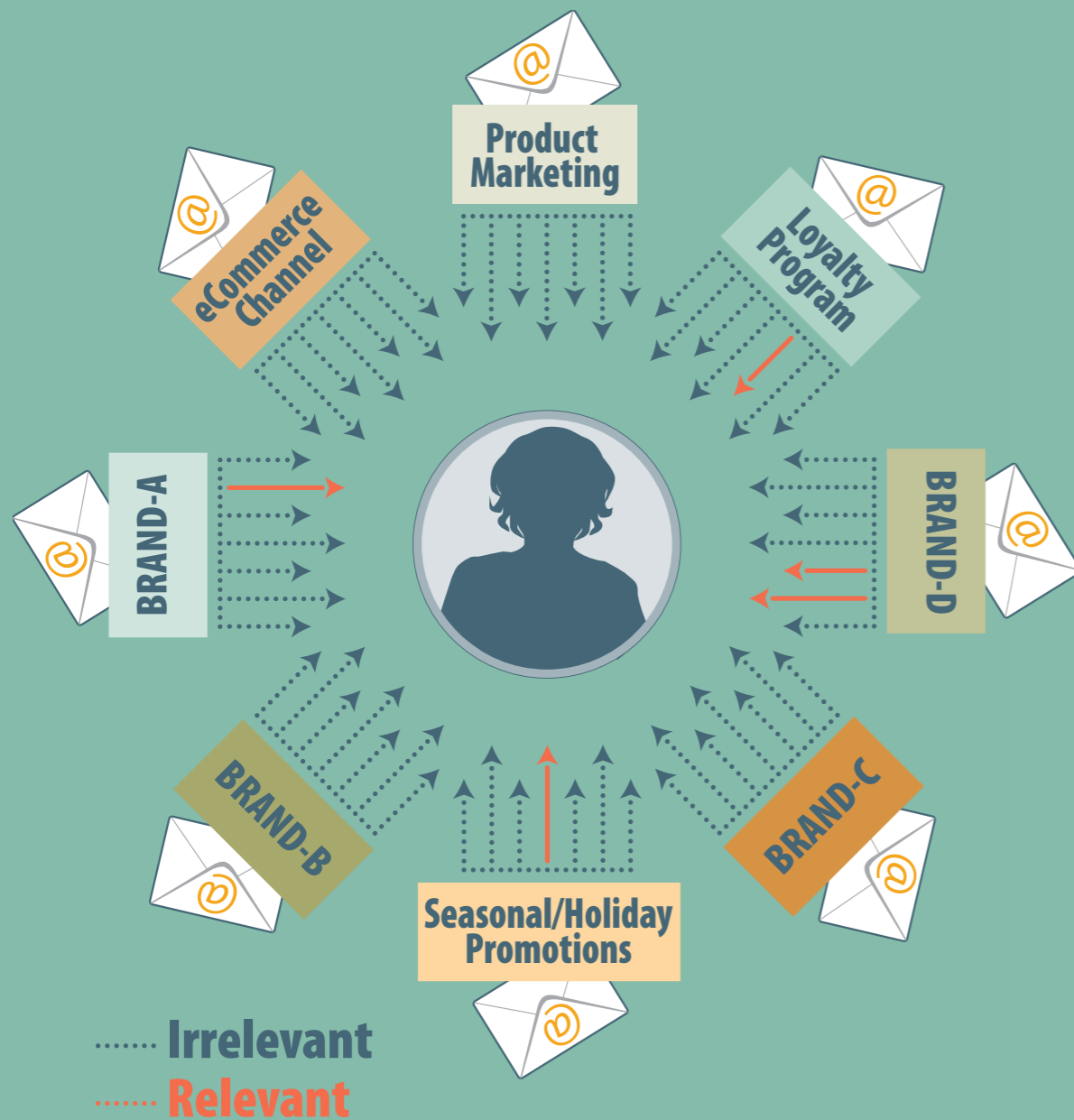
Many companies have different facets of the business competing for a customer's attention. Each of those siloed groups may feel their message is the most important and relevant.

But imagine if the customers received an email at every one of these possible events?

It's likely that they would be inundated with emails to the point of being annoyed or would feel bombarded and become resentful of the brand.

This is the conundrum. You have many opportunities to be relevant, but with multiple triggered opportunities and offers across your business, how do you figure out a way to manage the frequency and also pick the message that is most important so that the customer pays attention to your offers?

Are your customers drowning in a sea of your email?

Don't inundate

your new customer with emails

Opt-Out

69%

Percentage of U.S. email users who unsubscribe because the organization sends too many emails

* Source: CMB

UNSUBSCRIBE

OPT-OUT
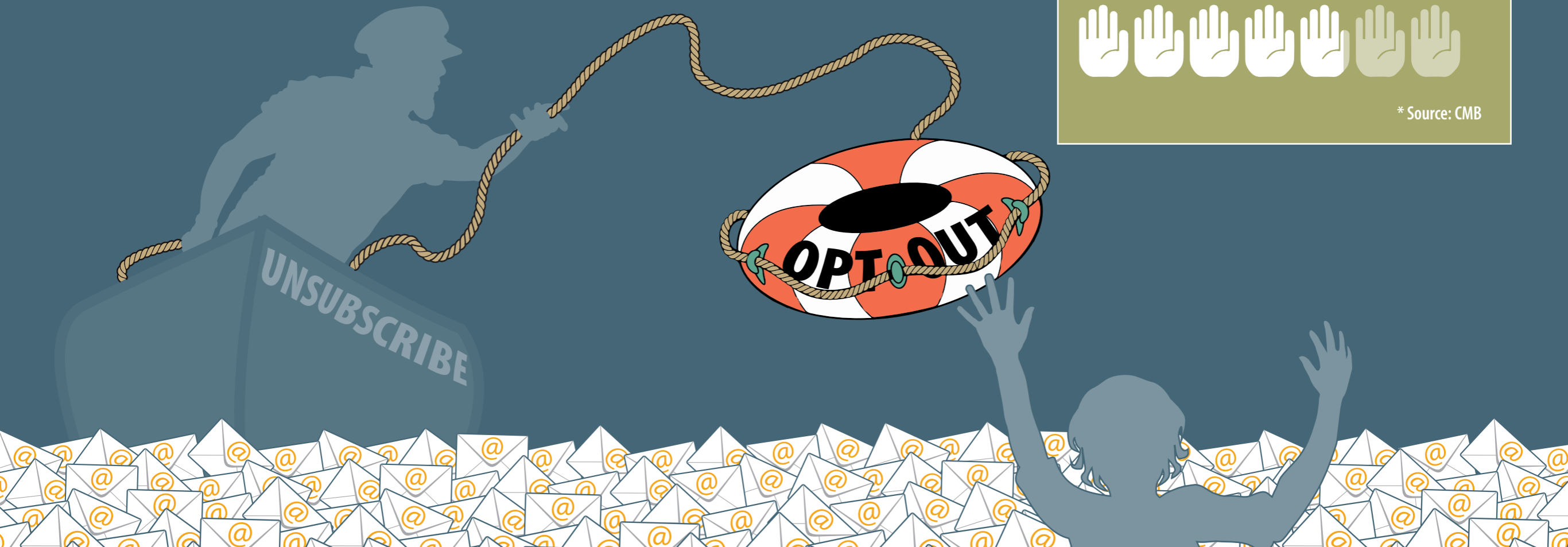
A possible solution: Contact Optimization

What Contact Optimization is...

Contact Optimization is the process for managing the frequency and relevance of marketing communications during any given campaign cycle.

Often multiple business units will compete for a customer's attention and these exponential campaign touches can create the contact fatigue that comes from too many marketing messages. In order to ensure success of a contact optimization program, businesses must understand **frequency** requirements and issues of **relevance**, from the customer's perspective, as well as how best to implement the software tools needed to run the optimization processes.

Contact Optimization

An ecommerce company did a manual run to test email performance and they found that when the email numbers sent per user decreased by 27%, purchases increased by 3.7% and net revenue per user increased by 4.1 percent.

27% = 3.7% 4.1%
$$$

* Source: Pinpoint Systems ecommerce customer

A possible solution: Contact Optimization (cont.)

What Contact Optimization is not...

Contact Optimization is not only a means to control email frequency.

Email is the predominant communication channel for marketers, but combating contact fatigue includes more than just limiting the number of communications.

Contact Optimization does not replace targeting.

Effective targeting helps create the best contact optimization processes to engage the connected customer. When a customer feels connected to your brand, they are more likely to pay attention to your communications and take action with you as opposed to your competitors.

Contact Optimization is not just a software solution.

While the tool is important, before it can be effective there must be pre-optimization processes established to include a predicated and consistent scoring methodology that is shared among the marketing teams.

Control the frequency

Control the frequency while improving the relevance

Communicate on just the right frequency so that your customer reads every marketing message and considers each offer.

Under-communicate and your company might not be the first to come to mind when a customer is ready to buy.

Over-communicate and your customer might stop paying attention to some of your messages and offers because there are simply too many. In this case, the customer may miss the ones that are the most interesting or valuable to them, or worse, may elect to unsubscribe from all marketing communications entirely.

Over-communication is often a result of multiple marketing programs, perhaps from different lines of business or product lines, that independently select customers to receive a given marketing message based on a behavioral or demographic match for the marketing offer. When the same customer shows up as eligible for multiple programs in the same time period, it appears to them that they are being bombarded.

Frequency

39%

of marketers have an official frequency cap in place

Source: B2B

Improve the relevance

Determining Relevance

The most relevant marketing communication for each customer varies across industries. Recent buying behavior, customer value, and next best product/action models are all examples of factors that can be used to select the most relevant message. Relevancy can help you address the frequency objective to limit over-communication.

In the absence of frequency restrictions, it is necessary to eliminate some of the marketing messages, even when the customer would be a good candidate to receive them. However, each product manager or marketing program team leader wants their message to go to all the customers who are likely to respond to the program. Of course, their program is, from their perspective, the most important one for each eligible customer.

The challenge is to determine which offers are sent and which offers are held back to meet frequency constraints for each customer who is eligible for multiple marketing promotions. Having marketing program managers coordinate the audience for each of their programs at an individual customer level does not work. There must be a process that looks across marketing programs and selects the most relevant marketing message(s) for each customer individually during each time period.

Content

80%

Number of email marketers that send the same content to all subscribers

* Source: Experian

Improve the relevance (cont.)

Customer Dynamics & Relevance

The rules and methods for making this choice for relevancy depend on the customer dynamics of each business.

As an example: on a given day, a customer may be selected as part of the audience for a loyalty program newsletter, one or more product promotions, a welcome back message (if they have not purchased in a while), an ecommerce abandoned cart reminder, and a birthday coupon. If the company has decided on a frequency constraint of one marketing message per day, they have to pick one of these messages and suppress or defer the rest.

3 DAYS ONLY

ACT NOW!

# Contact optimization versus targeting

Targeting applies to:

- Rules/logic governing eligibility of customers for offers

- Rules for suppression of customers from campaigns

- Next best action/offer models

Contact Optimization determines:

Of the offers a customer has been targeted for in a given time—

- Which offers should be constrained

- How many of those offers should be delivered to the customer
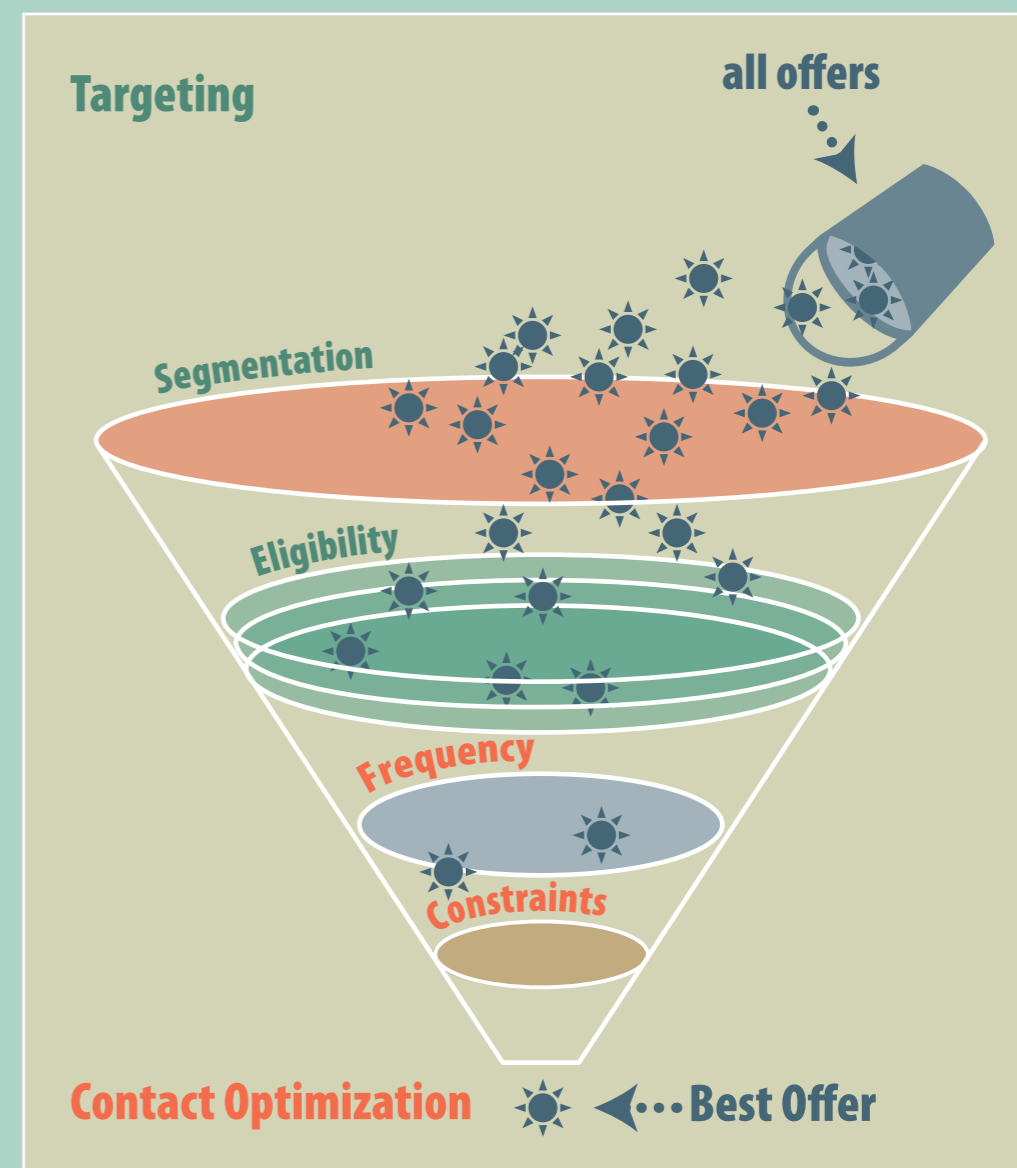
Contact Optimization is personal

Listening to the customer

Allow each customer to set their personal email frequency preferences.

Provide a mechanism for customers to explicitly designate what email content is relevant to them.

Use open, click, and transaction data to implicitly set a relevance profile for each customer.

Consumers want to be in control of their preferences and want to manage the frequency of their communications. Frequency is a personal/consumer preference and leading email marketers understand this and have the tools in place to do this. But even with these tools available we don't often know how to effectively use those resources to optimize our customer contact strategies.

One customer may be looking for 5 emails a day from the coupon vendor, but for another customer they might only care about getting 2 promotions a month from the specialty retailer. Optimize for each customer by understanding the frequency constraints and letting the consumer set their own preferences.

A week in the life of a customer (without Contact Optimization)

A company sends a barrage of emails to a customer. Having little or no visibility into what the other business units are sending to the same customer, the siloed groups are unaware of how the customer views this stream of communications.

CUSTOMER ACTION	CURRENT BRAND INTERACTION	CUSTOMER EXPERIENCE
Clicks on email from party store where she gave her email info at POS when buying Halloween costumes for her kids	Email captured at POS from brick and mortar part of the business	Buying Halloween costumes for her kids. Only occasionally shops at party store.
Receives welcome email for signing up	Welcome email	Gets welcome email immediately from store upon sign-up. Views it on her smartphone
Clicks on email from party store and views products on ecommerce site receives an email while browsing	Triggered discount email from browsing history	Looking for birthday party Ideas for child
Adds some items to her cart	Triggers "you may also be interested in" email and sends Product Offer 1	Selects Spiderman items for themed birthday party for little boy
Abandons cart	Triggers abandoned cart reminder email the next day	Phone rings and customer is pulled away. Leaves website. Ignores email.
Receives discount email same day	Emails Customer Promo 1 - related to cart	Glances at email--that has nothing to do with her cart—ignores email
Receives evening email	Emails Halloween/holiday email	Email shows sale on the item she just bought at the store
Receives loyalty email next day	Sends email for Loyalty Program customers	She is not a member of loyalty program
Receives a different discount email following day	Email promo on discounted summer items	She ignores irrelevant email
Receives several more irrelevant emails over next two day and opts-out	Adds to opt-out List	Negative impression of brand
Decides to not shop at party store	Loss of revenue	Customer buys party supplies from local discount store

Conclusions from the "Before" Scenario

The company is targeting their customers with email. This customer has received 10 mails in a 2-day period. The lack of contact optimization resulted in a loss of customer-centricity, over-communication and, ultimately, contact fatigue that resulted in the customer opting out of future communications.

A week in the life of an engaged customer (with Contact Optimization)

CUSTOMER ACTION	CURRENT BRAND INTERACTION	CUSTOMER EXPERIENCE
Clicks on email from party store where she gave her email info at POS when buying Halloween costumes for her kids	Email captured at POS from brick and mortar part of the business	Buying Halloween costumes for her kids. Only occasionally shops at party store.
Receives welcome email for signing up	Welcome Email Series begins	Views email on her smartphone
Next day receives 2nd email in Welcome Series for discounted items	Welcome Series takes priority over any other promo emails	Glances at email and returns later to review items
Searches for birthday party Ideas for child. Adds items to cart, but does not purchase	Abandons cart action triggers abandoned cart reminder email the next day	Brand experience is still positive
Reviews abandoned cart email	Abandoned cart is higher priority than Welcome Series because it is further along in buy cycle	Purchases items in cart
Receives thank you email for purchase	Triggers "You might also like" content	Customer purchases another related item and signs up for e-newsletter

Customer Experience Scenario after Contact Optimization

A company uses contact optimization to help prioritize email frequency for a new customer. This "after" scenario displays a sample series of emails to a new customer that are engaging and relevant, resulting in a purchase and satisfied buyer. There are fewer emails in this scenario, but more importantly, they focus on the customer's actions along the buy cycle.

The Cost of an Opt-out

What is the cost of an Opt Out?

There is no doubt that opt outs are a part of email marketing.

But, how much is each opt out really costing your business?

Multiple your average sale ($) by the number of opt outs for your industry per year and you can determine the average amount of revenue lost each year. The result might surprise you.

With Contact Optimization, you can minimize the opt outs and increase the customer lifetime value.

Opt Out Rates by Industry

INDUSTRY	AVERAGE OPT OUT RATE
Telecom	0.23%
High Tech (computer software)	0.17%
Retail	0.15%
Real Estate & Construction	0.32%
Media & Publishing	0.20%
Travel & Leisure	1.64%
Healthcare	0.15%
Financial Services	0.18%
Education	0.19%
Consumer Services	0.23%
Consumer Products	0.29%
Non-Profit	0.10%

*Source: 2012 Sliverpop Email Marketing Metrics Benchmark Study

Components of a Contact Optimization solution

RULES

Contact Optimization Rules drive the engine

REPORT

Contact Optimization
Execution Engine

Customer profile maintenance for frequency and
relevance that can be set by the customer

Insight into which targeted
offers were delivered
versus those that were not,
and why

Measurement to track improvements in customer engagement
and lifetime customer value over time as contact optimization
profiles are built and rules are tuned

Putting Contact Optimization into practice

More isn't necessarily better.

In the case of email, many marketers are pressured by their leadership to email to everyone — after all, email doesn't cost us anything. But the reality is that without a Contact Optimization strategy those "mass" emails can actually cost a lot in terms of contact fatigue, often resulting in a customer having a negative reaction to the brand and opting out or shopping at a competitor.

Note that your email service provider doesn't want you to think that more isn't better, since they depend on volume for their revenue.

Don't train your customers to ignore you.

When you are planning your customer contact strategy, you have to decide what is most important and what is least important. It's not just about volume; it's about getting to that optimal one-to-one relationship with your customers so that communications are more targeted and relevant.

For people who are engaged, frequency is just a number. They may want all 5 emails a day from the coupon vendor or only one email a week from their favorite specialty retailer. But, if you see that people are disengaging, you should respond by disengaging proportionately as part of an effective communication strategy.

How do you decide which targeted offers are most relevant?

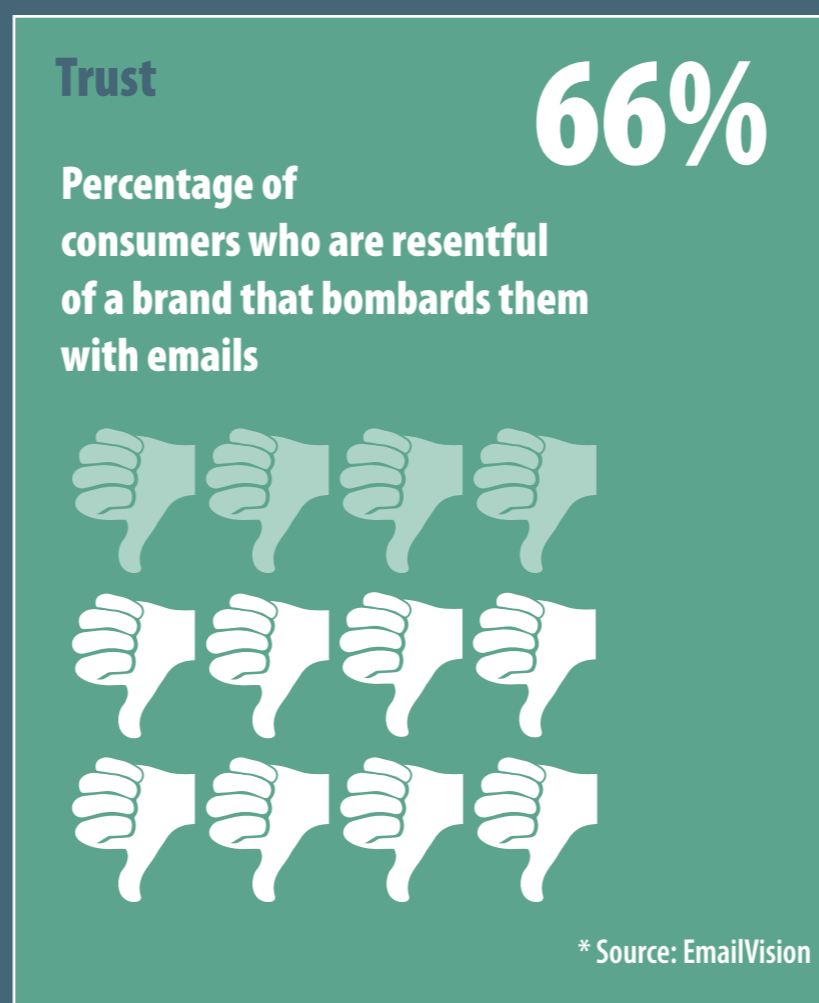## *Consider the expected value of each email*

Which communication do you send?

The email you choose should be the one that generates the highest expected revenue.

An approach to deriving expected revenue is to map customer engagement back into the customer buying cycle; from when they are thinking about a purchase, to when they are researching and are selecting on a company's website, going through the ecommerce process, putting an item in the cart, etc. If you go through the steps of the behaviors, any of those triggers can create an email campaign, but how far along a customer is in the buying cycle should determine the importance of the email. Example: the email for the Abandoned Cart is more important than the "browsing" email so don't suppress the later communication because you had an email frequency issue. Get them to buy what's in the shopping cart before you try to cross-sell them something else that may be of interest.

You need to use the buying process to help inform the optimization process because a customer's expected value goes up the farther along they are in the buying process.

Trust

66%

Percentage of consumers who are resentful of a brand that bombards them with emails

* Source: EmailVision

Expected value of an email

Where is the customer in the engagement cycle?

EXPECTED VALUE OF AN EMAIL

BUY CYCLE

Thank You &
Loyalty Offers

Post-Purchase
Cross-Sell

New Product
Launches

Product
Awareness

Cross-sell
(cross-brand,
other products)

PARENT COMPANY

PURCHASE
PRODUCTS

Multi-Brand
Awareness

PLACE ITEMS
IN CART

Tell-a-Friend
Incentives

Welcome
Stream

Relevant
Product Offers

BROWSE PRODUCTS

Sub Brands

Abandoned Cart
Notification

Observe
Channel
Preferences /
Permissions

USER
REGISTRATION

CUSTOMER
ACQUISITION

Life & Holiday
Events

Activation /
Re-Activation

The expected value of an email goes up the farther along the customer is in the buy cycle.

Exceptions to the Buy Cycle/Expected Value principle

The Welcome Series

The Welcome Series is sacred. It is higher up on the food-chain — the foundation of an email optimization strategy.

Once you have a new customer, you want to treat them like a new customer until they move into another segment (purchaser, loyalty member, etc.). Many marketers set a constraint in their optimization process to keep their customers in the welcome series through completion.

We know that customers agree that the welcome series is important,

as "consumers expect to receive a welcome email when signing up."

Be mindful that your Welcome Series doesn't look the same as a Loyalty program. Customers shouldn't see "Our valued customer" when they only just signed up on your site or haven't even purchased anything.

Use the Welcome Series as an Introduction to set the expectation and not as a confusing barrage of communications.

Engagement

Consumers expect to receive a welcome email when signing up.

Welcome

* Source: BlueHornet Networks, Inc.

Planning your Contact Optimization implementation

Before you can start contact optimization you have to think about:

What are you optimizing for?

- Are you optimizing to get your most effective offers to the customers most likely to purchase?

- Do you need customers to buy in order to get predictive revenue?

What audience level are you going to optimize on?

- Household level

- Individual level

What is your cadence?

- Once a day

- Once a week

Frequency

33% of organizations have a maximum of six emails a month

6MAX

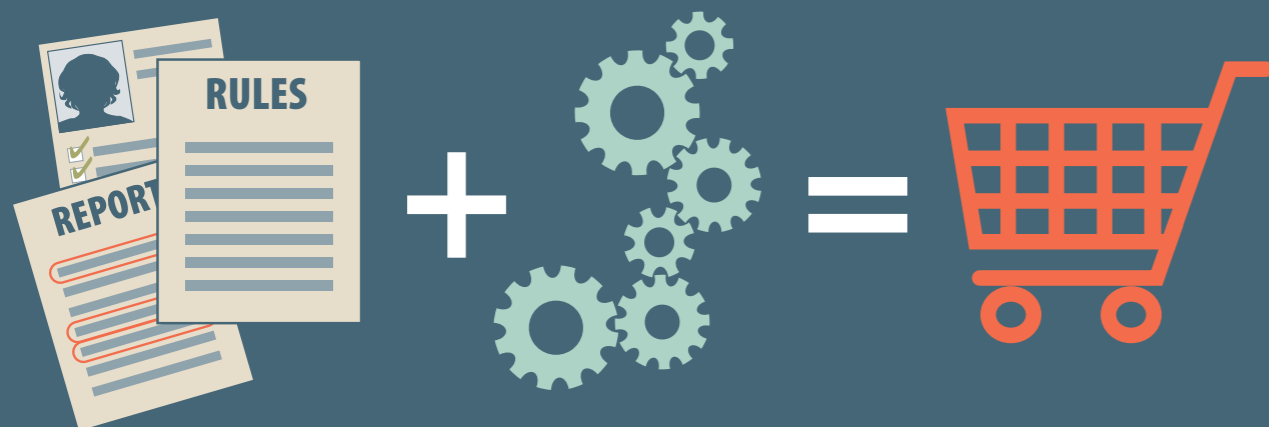Source: DMA

Planning your Contact Optimization rules

Set up offers to specific capacity rules

Example:

If you have a maximum number of calls your reps can do per day, you can use this guide as a rule to make sure you meet minimum and maximum capacities.

Another example:

Send no more than 5 million emails per day.

Customize rules

Create specific rules for each customer to determine how you and when you communicate and the minimum or maximum number of offers you want the customer to receive in any given time period.

Most frequently used email rules

- Customers should receive no more than 1 email per day.

- Customers should receive no more than 3 emails per week.

- Customers in the Welcome Series should not receive any communications outside of the Welcome Stream.

- Customers should not receive a "Silver" offer if they've received a "Gold" offer in the past 90 days.

- Low value customers should receive no more than 1 direct mail per quarter.

- Customers should only receive 2 cross sell offers in any one month period.

Approaches to implementing Contact Optimization

Marketing Calendar Approach/Sequence

Marketing Calendar Approach—at the time of Send

- ☑ Many companies will create a calendar and layout for what contacts are generally eligible for which segments in the marketing calendar

- ☑ This works for most planned communications to pre-ordained customer segments

- ☑ The downside is that this cannot be managed with triggered emails

Sequence your emails and each subsequent email is sent out to whomever is eligible

- ☑ The next email campaign checks against the first list in the sequence

- ☑ The third one does the same

- ☑ Order the sequence so that the first email is the most important

- ☑ The problem with that is that it might not be the right order for certain customers

Approaches to implementing Contact Optimization (cont.)

Let the Software Decide Approach/Perform

Let-the-Software-Decide Approach

"Put everything in one system/model and have that be your mixing bowl."

"We are seeing much more logic on the targeting side for different categories of customers and will push the targeting to apply the business rules and constraints — so if we see good engagement we know who are the best customers to send to."

"We can let the database drive some of this, e.g. how many contacts are available for a customer in a given period of time to determine if you can receive the next campaign."

"We'll let Optimize run the rules and see what shakes out."

"The software will determine the most relevant communications for that customer and email as many times as are allowed based on frequency constraints and other established criteria."

Perform the optimization in real-time—at the time of open

"Execute the optimization at the time of open where the software can do this dynamically."

Critical success factor

Executive commitment for consistent Contact Optimization practices across marketing teams

You have to get upper management buy-in and consensus from business unit leaders

☑ Firm commitment from upper management can help mitigate the potential internal conflicts of ownership and business decisions

☑ Start the change process early

☑ Help the siloed businesses or brands that share customers set a precedent so that the numbers are accurate

☑ Often the marketing operations teams are more sensitive to the over contact/customer experience problem and lines of business don't share that sensitivity because "email is free." This conflict can be resolved when optimization begins to show results as far as engagement vs volume.

Conclusions

 # 1 **Find out what works best for your business.** Every company and list is different. Don't be afraid to ask your audience what they prefer* — they'll tell you what they care about and provide an indication of their tolerance level.

*Example of this kind of message in an email: *"If you ever decide you'd like to receive emails about new marketing content more frequently, you can change your email frequency preferences at any time here. You have the option of receiving instant notifications or a daily roundup instead."*

 # 2 **Let your audience know how often you plan to email them.** Whether you're sending daily, weekly or monthly, let your subscribers know how often you plan to reach out to them. Setting these expectations from the get go will reduce fatigue.

 # 3 **Keep things consistent.** If you're going to do something, do it well and do it regularly. Familiarity and expectation lead to higher engagement and happier subscribers.

 # 4 **Find the gaps and fill them.** Autoresponders are a great way to stay current with new subscribers to your mailing list and a way to not leave them waiting for days or weeks for your next send. Doing so will keep your brand top of mind and if you're sending great content you begin building value from day one.

 # 5 **Monitor unsubscribes and look for patterns that tie to frequency.** Conduct a one-question unsubscribe survey that lets your customers tell you why they're leaving.

Resources

The information in this ebook was compiled from multiple sources. The majority of the content is derived from Pinpoint Systems consultants and their collective experience in working with our clients.

For details on our client work, please visit:

www.pinpoint-corp.com/resource-center/overview

To receive a copy of the entire list of references in this ebook, including third party research, please contact:

marketing@pinpoint-corp.com

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