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Creating Great Subscriber Experiences: Are Marketers Relationship Worthy?

Email marketing is a lot like dating. The marketer tries hard to be seen as an enticing match by the potential subscriber. He offers attractive benefits (best selection! free shipping! fascinating articles!) which the subscriber examines, assessing the possibilities. The subscriber enters into a budding relationship with the expectation that each conversation with the marketer should be interesting and relevant enough to be worth their precious time. The marketer may not be given much time to prove their value. And if the subscriber thinks the marketer's not delivering, they'll cut off the relationship. As we said, a lot like dating.

While attracting subscribers is essential to list growth, developing and maintaining healthy relationships with those subscribers is even more important in the long run.

How does your company measure up?

Do you deliver a great email experience, cultivating and maintaining a good relationship with your subscribers?

Possibly not. That's the surprising conclusion our researchers arrived at when they subscribed to the email lists of 61 companies from the retail, consumer goods, travel and media/entertainment industries. Many of the biggest name brand companies gave our subscribers the feeling that they had been:

- **Forgotten:** 60 percent of companies did not send a welcome message to new subscribers, and 30 percent failed to send any message at all within the 30 day study period





- **Treated like clones:** While 70 percent of companies asked for more than email address at sign up, fully three-quarters of the companies that collected this additional information didn't use it to personalize or customize their email messages.
- **Taken for granted:** It took an average of nine days for the first regular email message to arrive. In the age of instant messaging and social media, that's way too long. On top of that, 65 percent of the time the message contained no special offer.

While most companies did take some steps to create a positive subscriber experience, too many treated subscribers like random names on a list rather than individuals who had willingly invited the company into their lives. Few made the investment in effort, respect and responsiveness to produce a truly rewarding marketing relationship.

Here's what our researchers learned from their subscribing experiences—and what you can learn from them as well.

Subscribing: Start a Conversation

Good relationships start with good conversations.

On a website, your conversation often starts at the sign-up box or email registration link. Most companies made it easy to find their registration box on their home page, but 23 percent did not. American Airlines, for example, didn't mention their sign-up box at all on the home page or item pages, but only under their loyalty program registration. In contrast, Crate & Barrel has a sign-up box clearly located within the prime real estate on the home page, right below the featured items.

Return Path recommendation: Make subscription boxes or links easy to spot on your home page and as inviting as possible.

To create a marketing relationship that's relevant to your customer, you need information. Not too much, not too little—just enough. In our study, this proved to be rather challenging for many companies:

- Surprisingly, about a third of these nationally-known companies didn't ask for enough information to be able to make the subscription relevant to the subscriber. Sixty percent of the retailers and 20 percent of the companies as a whole asked for only the subscriber's email address.
- Most companies did request sufficient information to allow for personalization by name and customization by location; 68 percent requested a full name and 63 percent a zip code.
- About half the companies asked for address information beyond the zip code. This may not have added much value and might actually have depressed sign-up rates by discouraging both those concerned with privacy and the "too-busy-for-this" crowd.





About 55% of companies asked for the kind of information that if used properly could blossom into a long-term relationship (demographic information, a customer preference center or both). Unfortunately, as we will see in the section on Personalization, few used this information to provide a truly great subscriber experience.

Return Path recommendation: “Right-size” your data collection at the point of subscription. Collect what you need to make messages personal and maintain a good “conversation”—and don’t collect more.

Unless you plan to send direct mail now (not in the indefinite future), don’t ask for a full address or other non-essential information. If you do plan to send direct mail, show how it’s a benefit. Consider “Give us your address, and we’ll send you a store coupon.” Or offer free samples. These approaches show an immediate value, and they cut down on garbage data. (If the subscriber wants the free goodie, they won’t enter “123 Main Street.”)

Determining how much data to collect without asking for too much is generally more art than science. Test various form configurations until you arrive at an optimum. You can test number of fields, required vs. non-required fields and pre-filled fields.

Pay careful attention to your form completion rate as you change configuration, so you know if your form is optimized to capture the greatest number of email addresses. But don’t ignore campaign metrics! Customize to the maximum extent your data will allow, then watch your metrics to see if you’ve collected enough data to drive response from your subscribers.

Finding the right balance is key. Many marketers find that it is more effective to collect fewer addresses with enough data to provide high relevance to subscribers, resulting in greater response.

The data collection process can actually support relationship development. MarthaStewart.com (Figure #1), for example, uses an interactive form with callouts at each field box, describing why they asked for the information. It keeps the process fun and fresh, and the chatty side notes fit the brand as they seem to be coming from Martha herself.



Figure #1



In some cases companies failed to distinguish the difference between a conversation and an interrogation. Best Buy is an unfortunate example. Their two-page data collection process, like any long, detailed form, could be seen as intimidating and time-consuming and have a negative impact on the subscriber experience. This negative experience is compounded when the company, as with Best Buy (Figure #2), doesn't use the data they collect or – worse! – doesn't send any email for over a month.

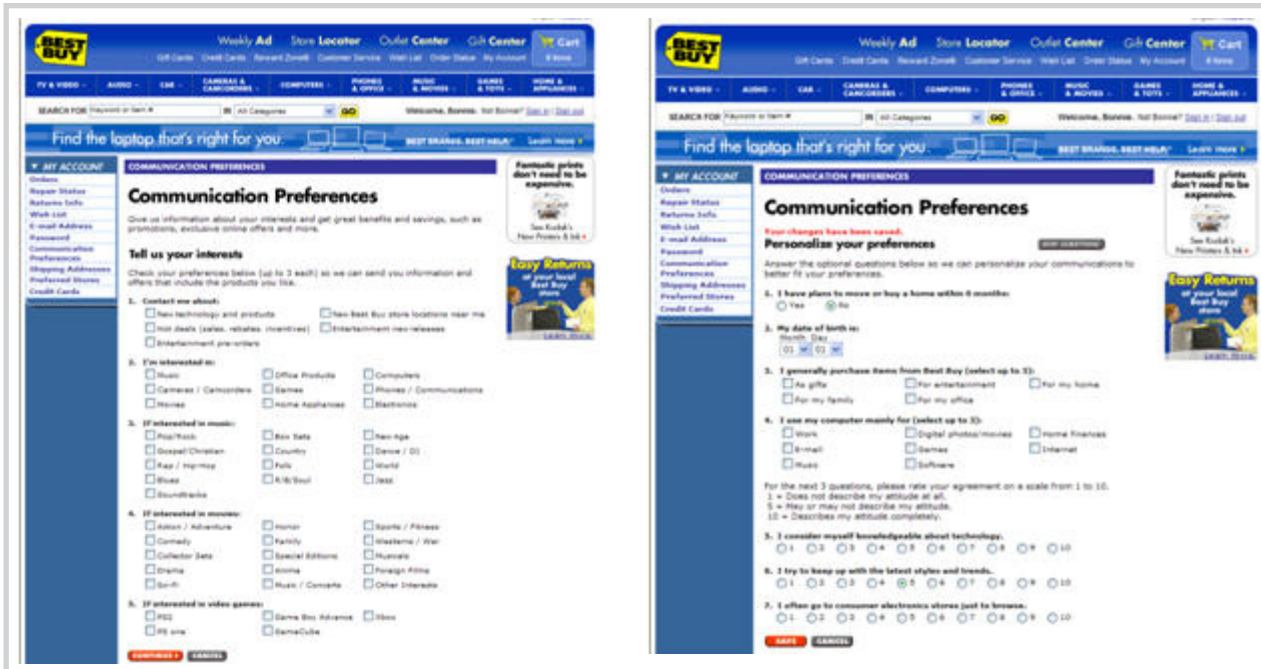


Figure #2

Engage Immediately

The first 30 days are crucial for establishing a relationship with new subscribers.

They've asked you to market to them! They've made themselves vulnerable, and now they want acknowledgement, even gratitude. You can't put off making a connection. If you aren't well on your way to building a relationship within a month, by next month your subscriber may have forgotten that they registered.

So even if you're strapped for resources, struggling to get what you need from your IT department or dealing with the complexities of your batching process, make sure your new subscribers get a little positive attention.

Initially, subscribers want to know that their sign-up efforts were successful and that you appreciate their registration. A well-crafted welcome message demonstrates that you know who they are, what they want and that you value their subscription. Once you've created messages customized to certain key information you collect, most email delivery platforms make it a simple matter to automatically trigger a personalized message to subscribers within a day – or less -- after they register.



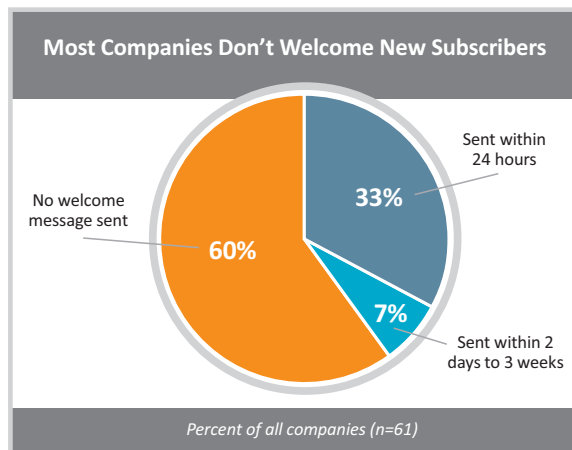


As noted, 60 percent of companies never sent a welcome message. The 40 percent that did send them did a pretty good job on timing and showing customers they were valued:

- 88 percent sent their message within 24 hours (although a few took up to three weeks to arrive!). About two-thirds of companies included the subscriber in their regular mail stream within 30 days.
- Three-quarters of those sending welcome messages demonstrated their appreciation by including an offer of some kind. Most (80 percent) offered free shipping on a first order, with the remainder offering a discount on a first purchase.

Taken as a whole, marketers lost a major opportunity to engage their subscribers through early personalization. Fifty-six percent of marketers who sent welcome messages had the data to personalize them, but only 13 percent sent personalized welcome emails.

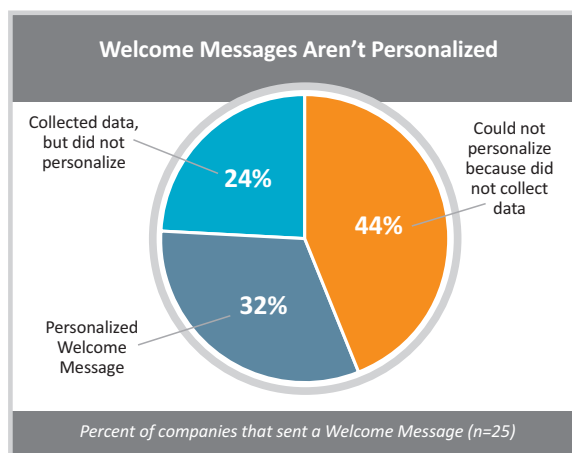
Return Path recommendation: Send a personalized welcome message within 24 hours of registration, clearly state your value proposition and include a special offer (even content!) for new subscribers.



To deepen engagement within the critical first thirty days, consider sending a series of introductory messages rather than just dropping a subscriber into the middle of your promotional calendar. What's appropriate will vary with your business. You might send a few weekly emails highlighting major product lines, a series of messages teaching B2B customers about your software or monthly tips that provide guidance on selecting different kinds of travel options.

While the initial set-up may require time and resources, once you design the creative template, content and trigger rules, you can continue to use them repeatedly with minimal (or no) additional effort. If you have a preference center, you can even customize these emails to the subscriber's preferences, which will increase relevancy and encourage subscriber engagement.

Kraft provides a good example of immediate engagement with subscribers. Their welcome message included a personalized greeting and a recipe based on the subscriber's expressed preferences. They also included "white listing" instructions along with information on what to expect from future emails.





Personalize and Customize to Show Value

The key to developing a long-term relationship with subscribers is showing them the value of their subscription, not just once but on an ongoing basis.

Unfortunately, this is not yet common in the marketplace. We found that 83 percent of all first messages from the companies our researchers subscribed to were not personalized. Just a quarter of the companies that sent routine emails within 30 days personalized those messages with data from the subscription process. (That includes both messages from companies that collected data at sign-up and those that did not).

The 25 percent of campaigns that included personalized content in their ongoing messages all used subscriber names while 38 percent used additional data (location or preferences).

Return Path recommendation: Messages and offers should be personalized and customized whenever possible so they are continuously relevant to the subscriber. Collect fundamental data at registration—email, name and zip—and possibly some demographics. Most subscribers will understand why you want a zip code.

If you are concerned about discouraging subscribers by asking for too much information, wait until your welcome message to invite the subscriber to your preference center. Make sure the message makes clear the advantages to the subscriber of sharing their preferences. Consider making an immediate offer relevant to the preferences expressed.

Creative personalization can differentiate a company and reduce the need to rely on discount offers in email campaigns. However, we found that many marketers are stuck in a rut or just doing what they've always done:

- Companies seem reluctant to use marketing offers even in initial regular mailing messages, where they might be most appropriate.
- Just 25 percent of subsequent messages included a marketing offer of any kind.
- The most common offer by far was free shipping, with sweepstakes and discounts following behind.

Marketers could have varied the type of offer more often, including a gift with purchase or a specific deal tailored to a customer's preferences, in lieu of the expected free shipping. But they could also have built stronger relationships through providing high-quality, relevant content.





Fisher Price (Figure #3), for example, provided customized messages based on the age of the subscriber’s child, including not only a few toys of potential interest but parenting advice and family activities.

Travel marketers can provide content tailored around location. Travelocity provides information on vacations centered around one’s home airport, for example.

Return Path recommendation: Tailor your communications to the individual subscriber as much as possible, using carefully customized content to drive response rather than relying on one-size-fits-all discounts.



Figure #3



Figure #4

Piperlime (Figure #4) is a great example of how to deliver relevant and timely content to subscribers. From the welcome message that included an offer for first purchase to the consistent weekly messages tailored around preferences (women’s shoes, in this case), Piperlime is best in class.

Respect Subscriber Time and Privacy

It seems that marketers are collecting a lot of information “just in case” but are not using it.

- Of the 70 percent of companies that collected some data beyond the email address at subscribe, only 17 percent used it to personalize the first regular message.
- A shocking 81 percent of marketers that collected data at subscribe did not use it at all to personalize their ongoing messages.

Fifty-five percent of our sample of companies made credible efforts to collect data that would allow them to create excellent subscriber experiences:

- 23 percent asked for both demographics and preferences
- 17 percent asked for demographics only
- 15 percent requested preferences but didn’t ask for demographics





With most companies these efforts stopped at data collection rather than effective application of the data. In fact, 70 percent of the companies that collected this type of data made no use of it at all.

Return Path recommendation: Show respect for your subscriber’s time and privacy by requesting only data that you plan to use and that will directly benefit the subscriber. If you offer a preference center, be prepared to respond to the stated preferences. If you collect demographics, modify your messages based on that information. Give customers a choice about whether they want to give you detailed account information at sign-up or when they place a first order.

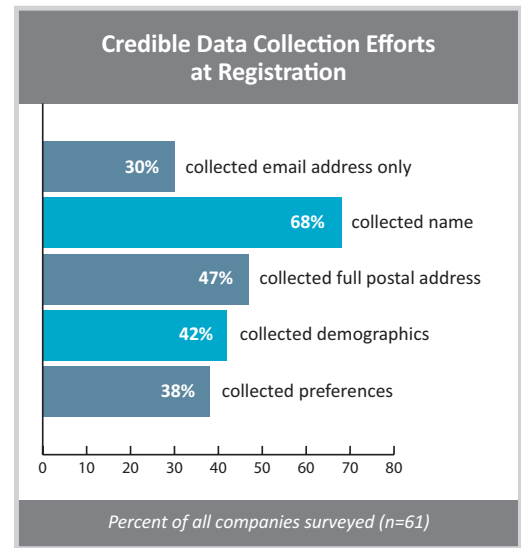
If you’re not going to customize your email marketing messages, keep sign-up short and sweet. With a succinct form, your subscribers will enjoy the convenience of quick and easy sign-up, and you will enjoy higher subscribe conversion rates.

Nike has a unique approach to the subscription process that gives subscribers a choice of quick subscribe or full registration. While they encouraged and promoted full user registration with free shipping offers and additional site functionality access, they also offered an email-only sign up for those not ready or willing to complete the full registration. Their approach was friendly and subscriber-focused.

Wal-Mart also demonstrated a best practice with subscriber policy. They included a link to their privacy policy right beside the data box, and they integrated age confirmation with subscription validation to comply with child privacy laws.

Return Path’s research on subscriber experience uncovered big gaps between the type of experience that subscribers say they want and what marketers are actually delivering. And subscribers definitely notice that the email they get isn’t optimized. Return Path’s 2007 Holiday Email Consumer Survey found that 56 percent of consumers consider a high volume of what they receive to be “junk from companies I know but that is just not interesting to me.”

The good thing is that there is plenty of opportunity to improve performance—and reap the long-term marketing benefits. Achieving great subscriber experiences requires an investment of effort that may be challenging for an email marketer who is short-staffed, crunched for time and under pressure to hit end-of-quarter numbers. But the positive impact of a more personalized, relevant experience for your subscriber will lead to increased subscriber engagement, better reputation and word-of-mouth and higher ROI. So develop a plan to improve your email program, even if you have to take it one baby step at a time. It’s the best route to a positive marketing experience—for you.





Methodology

From February 25–29, 2008 the Return Path Strategic Services team signed up for the email programs of 61 top marketers representing a variety of vertical markets, including retailers, consumer brands, travel companies, media sites and sports organizations. We tracked what data each site collected and at what point (point of subscribe vs. later visit to preference center). For each subscription we tracked what messages were sent by the companies on what dates, in the subsequent 30 days. We also tracked the degree of personalization and customization of each of the messages received.

About Return Path Strategic Services

Return Path Strategic Services will help you move your email program from ordinary to extraordinary. Our expert strategists will give you inventive, practical, affordable ideas for optimizing your B2B or B2C program, thus improving your bottom line. Recommended ideas are tailored to your business goals and will help you move the needle faster to maximize ROI. We’re dedicated to email performance – it’s all we do. Please visit www.returnpath.net/strategicsolutions or call 212-905-5500 x 264.

Companies included in the study:

Retailers

Barnes & Noble
Best Buy
Chicos
Crate & Barrel
Hallmark
Neiman Marcus
Piperlime
QVC
Sears
Sephora
Sports Authority
Staples
Target
Tiffany
Wal-Mart

Consumer Brands

Adidas
Betty Crocker
BMW
Budweiser
Burt’s Bees

Clinique
Fisher Price
Ford
Jose Cuervo
Kraft
Levis
MAC Cosmetics
Nike
Sharpie
SonyStyle
Wyeth.com

Media/Entertainment

Bravo TV
Cosmopolitan
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Disney.com
Food Network
LA Lakers
Martha Stewart Living
Miami Dolphins
NBC.com
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PBS
RCA Records
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Warner Brothers

Travel

American Airlines
Disney World
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Hawaii - gohawaii.com
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