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Email, the Double-Edged Sword

Business Intelligence Meets Social Media

Market Research and Email Marketing:
Natural Allies

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FEATURE



Market Research and Email Marketing: Natural Allies

With important market research projects in jeopardy as a result of the recession, researchers must look at alternative approaches. Coupling market research with the power, speed and appeal of permission-based email marketing provides a cost-effective way to gather market insights and successfully achieve research goals. **Chris Carder**

Having worked with Canada's premium brands, we at ThinData recognize that market research is a critical foundation for all successful marketing campaigns. However, with the current economic pressures, all companies are taking a hard look at which research activities are to be sustained, reduced or eliminated.

C-level decision-makers are also weighing their options in their marketing communications and promotions expenditures. But the discussions are decidedly different. Conversations with Canada's brand leaders reveal that they grapple with ways to integrate and best apply digital marketing methods in order to optimize campaigns.

As a result, there is a very real and immediate challenge for all market researchers. Because promotional campaigns are more visible, garner more attention, and are associated with the acquisition of new customers, important research projects can find themselves suddenly in jeopardy. The solution: permission-based email marketing, a marketing platform that promotes brands, captures new customers, and plays a vital role in today's market research projects.

To leverage the power of permission-based email, market researchers need to understand

- why email marketing is a powerful tool
- what makes email marketing an important tool for market research

- when and how to use email marketing as part of market research projects
- how email marketing is evolving.

A POWERFUL TOOL

Email has become the premium choice for reaching consumers and businesses alike for several key reasons, the most important being the following.

Email marketing campaigns are efficient and profitable. Studies conducted across industries have repeatedly demonstrated that investing in email marketing leads to sizable returns. For example, the Direct Marketing Association estimated that every dollar spent on email marketing yields a return of over \$48. The DMA has also concluded that email marketing is the most effective online marketing method for retention – above search engine positioning, banner ads, sponsorships, and other programs.

Email marketing campaigns increase the top line. Email drives people to make purchases online and offline. A recent study found that over 70 per cent of email recipients surveyed made in-store purchases as a result of receiving an email.

Consumers are comfortable with email. More than 90 per cent of Canadians surveyed in the CRTC new media report said they used the Internet for email – making it the most popular online activity.

Email is a core application in many of the evolving technologies. By default, email is built into many of the Internet's leading-edge social networking services, including blogs, MySpace, LinkedIn, Facebook, YouTube and Flickr.

A TOOL FOR RESEARCH

In addition to being an effective business tool, email marketing has qualities that make it an important method for gaining insights into markets. Here, I consider two of the most notable of these qualities.

Email marketing campaigns can be adapted to achieve optimal results. Because email recipients' actions are measurable, every aspect of an email – the content, the graphics, the subject line, the recipients, the time the email is sent – can be isolated, tested and adapted. This allows researchers to quickly evaluate results from samples and modify all the elements of surveys distributed or hosted online.

Consumers act upon email. According to a recent Ipsos Reid report, 65 per cent of Canadians online actually preferred communicating by email to any other means. Because of this preference, 80 per cent of Canadian Internet users have registered with at least one website to receive email. And two-thirds of those who register to receive email have entered contests. This bodes well for targeted market research that uses email as a means to collect customer insights.

WHEN AND HOW

The story of Air Canada's impressive results with its popular electronic newsletter *webSaver*® demonstrates how companies who understand their markets – through thoughtful research – can cost-effectively build upon that understanding and reach their markets through permission-based email marketing.

Introduction to webSaver®. Air Canada's weekly electronic newsletter had been building its database of subscribers for three years. After conducting some market and competitive analysis, the airline concluded that it needed to redesign the newsletter to increase subscriber retention and subscriber activity. The reason: When these key performance indicators increase, so too do revenues.

Working closely with ThinData to redesign the newsletter and its content, deployment, and measurement strategy, Air Canada took a three-pronged approach:

- Target product offerings based on each subscriber.
- Provide each subscriber with the control to define key elements of their user experience.
- Maintain an ongoing dialogue with the target audience to learn from and adapt to their evolving preferences.

The email marketing program. At the core of the redesigned email marketing program was an online “preference centre” that captured detailed information about each email subscriber's preferred travel experiences. Highly intuitive “customer choice tools” were also embedded into the *webSaver*® email newsletter. These tools served as bridges to the preference centre, which provided subscribers the capacity to continually refine the type of information they received from Air Canada about upcoming trips and offers.

Air Canada customers played an important role in shaping the *webSaver*® redesign. Specifically, Air Canada collected and integrated subscribers' historic clickthrough and conversion patterns. To this day, customers continue to shape the program, well after the design has been completed, as their preferences and behaviours are continuously gathered and immediately reflected in subsequent emails.

The *webSaver*® redesign recognized the essential role that customers play in dictating the company's communications. When it came to execution, Air Canada invested in a robust database that collects, analyses and reconfigures subscribers' emails based on each customer's unique preferences. The result has been the ability to make sense of the thousands of combinations when a subscriber chooses preferences for a home airport, local destinations, international destinations, sun destinations, departure dates, and return dates. Furthermore, sophisticated segmentation allows subscribers to receive information that is relevant to their location.

Results. Shortly after the redesigned *webSaver*® was launched, the number of unsubscribes dropped by more than 60 per cent – a key measure of increased retention. This outcome was equivalent to three times the original goal. At the same time, the *webSaver*® redesign saw a dramatic increase of subscriber activity, exceeding 20 per cent during periods when subscriber activity is typically low. Finally, the redesign allowed Air Canada to live one of its core values. “Giving our clients control over their flying experience, one of our core brand messages, was hardwired into the newly designed *webSaver*®,” says Mark Sniderman, Air Canada’s manager of marketing communications, North America. “That’s why we are so excited that it has made a significant contribution to our marketing efforts.”

Key lessons. The *webSaver*® case study is a strong example of how email marketing and market research not only form natural allies but complement one another to produce meaningful business results. The following key lessons can be drawn (from the *webSaver*® program and other successful email marketing campaigns) about how and when to bring email marketing and market research together effectively.

- Programs should be based on initial quantitative (and/or qualitative) customer research.
- Initial objectives should include maintaining an ongoing relationship that leverages trusted communications channels in support of ongoing efforts to better understand customers.
- Use a combination of observed customer behaviours and expressed customer preferences for best results.
- Use dynamic content to ensure that any messages are personal, relevant and timely.
- Results should be placed into a program’s context over a period of time.
- Segment customers and constantly update each segment’s profile.

- Use a combination of trusted communications channels.
- Objectives should be tied directly to business goals.

EVOLUTION

Whether research is your primary responsibility or just part of your overall mandate, your ability to integrate email marketing with research depends on your ability to tap into a number of email marketing trends, many of which are emergent across all marketing media.

The expanding use of email. Marketers have focused largely on using email as a tool for strengthening relationships with existing customers in order to increase loyalty, share of wallet, and size of average sales. Marketers are now leveraging the unique power and cost-effectiveness of email to identify, pursue and secure new customers.

Focusing on demonstrating cost-effectiveness. Because of increased pressures to demonstrate the positive return and impact of every campaign, marketers are building on their skills in gathering, interpreting and acting quickly upon email metrics. Marketers are now relying on meaningful engagement measures such as relationship lifecycle and campaign-specific conversion rates.

Personalizing messages with dynamic content. Since customers and prospects act only upon messages that are relevant and timely, marketers will take advantage of the flexibility and instant measurability of email to personalize their campaigns. Leading marketers will adopt dynamic content (i.e., email that automatically configures and customizes email components to suit each email recipient or audience segment) in order to achieve the rapidly growing expectation of personalized and relevant messages.

Designing for various technologies. With the proliferation of smartphones and other handheld devices, not only is

email being accessed in a variety of locations, but it is being viewed on technologies that render content dramatically differently than when viewed on traditional desktop or laptop computers. Marketers are increasingly tailoring content to the limitations and unique capabilities of these mobile technologies.

Combining with business platforms. Marketers will look for every opportunity to tie email in with key business technologies in order to demonstrate the reach and impact of their campaigns. At ThinData, we have connected ThinData EMS™ with point-of-sale, in-store display, call centre, customer relationship management, and inventory management systems to run successful marketing programs. The drive to collect, manage and utilize an organization’s data in order to build better customer experiences will be dramatically accelerated by connecting business systems with robust email marketing solutions.

SEIZING THE FUTURE

It’s an exciting, albeit turbulent, time for marketers who direct and manage research. You lay the groundwork for critical business activities such as launching new products, testing the receptivity to price changes, measuring customer loyalty and brand equity, and translating key trends into action. When coupled with the power, speed and appeal of permission-based email marketing, you can cost-effectively gather market insights to help you successfully achieve all of these market research goals and strengthen the business case for your next project.

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