

INTERNET

Sophisticated email segmentation boosts open rates, engagement: report

July 10, 2015



Mobile strategies can give brands an edge

By SARAH JONES

While 88 percent of marketers say they personalize their email communications, a new L2 report finds that about a quarter of brand emails are instead sent using a blast method that does not take into account individual preferences.

[Sign up now](#)

Luxury Daily

Customizing emails can help to boost conversion rates, since consumers are more likely to interact with a targeted message that is relevant to their wants and needs. Brands and retailers should be thinking of ways to bring a more personal touch to their digital marketing by using data and technology to create better relationships with their customers.

"Affluent shoppers are heavy digital users," said Eleanor Powers, director of Insight Reports at L2, New York. "Personalization of email communications is another way for brands to provide them the low-touch shopping experience they prefer.

"Brands can do this by leveraging data to provide intimate service like a store associate who knows you, understands your needs and gets you to the product you want before you knew you wanted it," she said.

L2's "[Personalization: Email](#)" report looks at the email marketing of 107 brands across big

box, department stores, home, apparel and accessories and sportswear.

Know your audience

In order to successfully personalize email campaigns, a brand has to have data available and be able to act on it. A third of brands say they do not have enough data available, another third identify that they lack the resources to transform it into personalized touchpoints and the remaining third say both are true of their organization.

Collecting actionable data about a customer relies on having an infrastructure that can recognize them across channels, but too often a retailer's systems are fragmented and outdated.

L2 created three imaginary personas with diverse shopping habits, ages and genders, and used them to track the emails of 107 brands. Over the month of the study, the researcher received more than 2,500 emails from the brands.



Mother's Day email from Hermes

Forty percent were received by only one of the three, showing segmentation, while 28 percent of messages were sent to all three, indicative of blindly mailing the entire email list.

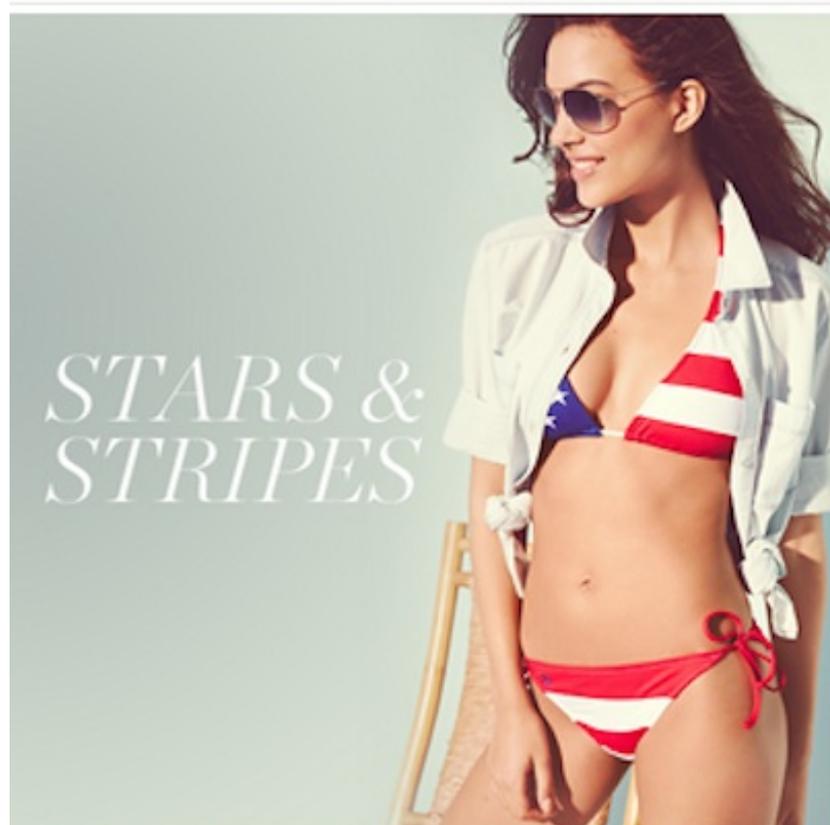
The two women were more likely to receive the same emails as each other, showing a wide use of gender-based segmentation.

Those segments of the study that segmented above average are big box, department stores and home stores. This may be attributed to necessity and opportunity, since their more varied product selection means more different types of consumers than a single line apparel brand.

Segmented emails garner a 15 percent higher read rate, and about a 63 percent higher

click-through rate. Ninety-four percent of Nordstrom's emails were sent to maximum 25 percent of its email list, giving it a read rate of 32 percent, higher than its peers, such as Saks Fifth Avenue, Bloomingdale's and Neiman Marcus.

FREE SHIPPING. FREE RETURNS. ALL THE TIME. Details below.



Proud to be an American? Let everyone know, with patriotic swimwear and accessories.

[SHOP PATRIOTIC SWIMWEAR & ACCESSORIES >](#)

[SHOP ALL SWIMSUITS & COVER-UPS >](#)

COMPLETE THE LOOK

▼ ▼ ▼ ▼ PARTY DOWN IN THE U.S.A. ▼ ▼ ▼ ▼



[HANDBAGS & WALLETS >](#)



[JEWELRY >](#)



Email from Nordstrom

While Estée Lauder does not segment its own emails at a high rate, sending only 46 percent of messages to less than 25 percent of subscribers, its efforts in partnership with department stores effectively use consumer knowledge. When running a gift with purchase offer at a store, it sends emails to only part of its list that it knows has shopped for Estée Lauder products at that particular retailer in the past.

Triggered emails, such as those welcoming new subscribers, reminding consumers of an abandoned cart or making them look twice at products browsed, particularly when those items go on sale, are effective at driving conversions through email.



Email from Net-A-Porter

True Religion upped its click-through rates by 2.5 percent by running a geotargeted campaign that focused on driving consumers in-store with climate-specific offers and product features. This helped to work around the brand's limited demographic information.

Beyond basic segmentation, marketers can optimize their email campaigns through A/B testing. Running two variations on a subject line, layout, specific products featured or time of day sent can help a brand understand what will perform better.

"There are a range of sophisticated personalization tactics which brands are using that go beyond the basics of leveraging name and gender," Ms. Powers said. "Overall these tactics share leveraging data in a more sophisticated way and can require data

infrastructure investments on the part of the brand.

"More advanced demographic targeting can include factoring in information including life stage and language," she said. "Brands which have access to rich user information through on-site tracking or solicited preferences can develop personas to segment communications. Department stores and big box brands often use micro-targeting to match product promotions and incentives to very specific recipient characteristics such as prior product category purchase.

"On-site shopper behavior can be used to trigger emails to remind shoppers of a product they looked or encourage the completion of a purchase. Dynamic targeting can use data such as location real time to tailor email content such as products and incentives. In addition, savvy brands are using A/B testing to gain insights and refine communications to optimize open and conversion rates."

Seeing results

A new report by ContactLab and Exane BNP Paribas identifies Burberry as the only luxury brand fully committed to a digital future because of its cross-channel convenience and embrace of shops on marketplaces such as Tmall and Amazon.

Digital is expected to drive 40 percent of luxury market growth through 2020, according to the report. For brands that plan to be on the right side of history, a robust digital strategy needs to be implemented ([see story](#)).

In an industry that relies heavily on the customer's perception of exclusivity, luxury brands need to be offering exclusive discounts and sneak-peeks to high-end consumers.

The benefits of email marketing can provide insight into a brand's newest products and special promotions. Consumers can feel like they are one of the lucky few that know about a brand's new endeavors before the products hit the stores ([see story](#)).

For those brands looking to get started on personalization, first steps start with data.

"Advanced personalization requires investments in data infrastructure as well as data cleaning," Ms. Powers said. "For brands that are just starting to explore email personalization, or cannot justify these investments through improved performance, partnering with vendors or retailers can offer effective ways to explore email personalization."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York

Embedded Video: <https://www.youtube.com/embed/kEco9neOcKw>