The perfect digital blend: engaging customers through email, SMS and social media

Experian™
CheetahMail

Contents

1. Foreword: making sense of the digital world

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In recent years, we have witnessed a digital explosion. Digital communication channels such as email and mobile have seen significant growth; and the web and social media forums such as Facebook and Twitter have become a central point for fact finding, purchasing, conversation and friendships. The growth of social media in particular is highlighted by recent research from Experian Hitwise. In May 2010, Experian Hitwise analysis showed that within the UK, traffic to social network sites exceeded that for search engines such as Google for the first time.

The opportunity that this new digital world presents to marketers is huge. Communication is instant and there are a host of channels available to reach consumers, regardless of their physical location.

However, through listening to our clients across Europe, we know that it can be difficult to keep up with the pace of digital innovation and make the right technology and communication choices. Even for more digital savvy brands that we work with, there are challenges. These include using social media in an engaging way, incorporating SMS communications into an existing direct marketing model and drawing on analytical tools to understand and respond to consumer behaviour online.

Intelligent marketers use a mix of deep customer understanding and a range of channels to communicate the right message to the right person at the right time. Get the mix wrong and there is a risk that consumers will be irritated by receiving too many poorly targeted messages through the wrong digital channels. With that in mind, it is more important than ever to strike the right balance.

Helping brands to navigate the digital landscape and understand how to engage with consumers is the focus of our report. The report illustrates the types of messages that resonate with consumers across three digital channels: email, SMS and social media. It looks at how data should be used to identify preferences and how technology can empower intelligent multi-channel communication.

2. Methodology

Experian commissioned research from YouGov that asked consumers in the UK, France, Germany, Spain and the Netherlands about the messages they did and did not like receiving via email, SMS and social media. Online interviews were conducted across the five countries, with almost 6,500 consumers responding.

The findings illustrate the huge potential value that can be realised if a company succeeds in finding the optimum digital blend.

Table showing sample size:

	No. of respondents
France	1013
Netherlands	1004
Spain	1050
Germany	1058
UK	2316
Total	6441

3. Summary

Key Findings:

- Consumers from all countries surveyed who have a mobile phone are most receptive to SMS messages confirming purchase / appointments (50 per cent) or delivery dates (56 per cent)
- Half (51 per cent) of consumers are prepared to engage with brands on social media sites
- Top reasons for following brands on social media sites include: to find out about sales and special offers (24 per cent), to hear other users experience/ reviews (23 per cent), and for product and customer services information (20 per cent)
- One in three (32 per cent) consumers under the age of 35 'follow' or 'friend' the company they work for on social media sites
- 48 per cent of consumers would respond to an email discount offer for a product they had recently been researching online
- A quarter (25 per cent) of people under the age of 35 would respond to an email alert about an abandoned online shopping basket
- Two out of three (66 per cent) consumers want brands to ask them about their channel preference before communicating

(Based on responses from 6441 European consumers)

The findings demonstrate a clear appetite among online consumers of age groups 18+, across five quite different countries, for personalised messages containing the right content and sent at the right time, using the right channel.

Consumers are switched on and receptive to communications from brands via email, SMS and social media. That is, however, with a strong caveat that the message the brand is communicating is appropriate for that channel. Care should be taken to match offers to customer needs and monitor communication frequency, especially in light of the increases in email and SMS messaging volumes.

Similar principles apply to social media. As Facebook exceeds 400 million users[1] and global social networking websites race towards a billion users, the opportunities available through social media are tremendous. However, brands need to be very thoughtful on how they interact with social networks to ensure they get the message content and tone right to properly engage with consumers.

Fortunately, data and technology now exists to help marketers interpret individual customer behaviour and adopt a smart approach to multi-channel campaign deployment.

[1] Source: Mary Meeker, Morgan Stanley, April 2010

4. Research findings

4. Research findings

The following findings look at online consumer attitudes across the countries surveyed to various types of messages sent through email, SMS and social media. The findings are analysed to identify trends and commentary and case studies are used to highlight current best practice.

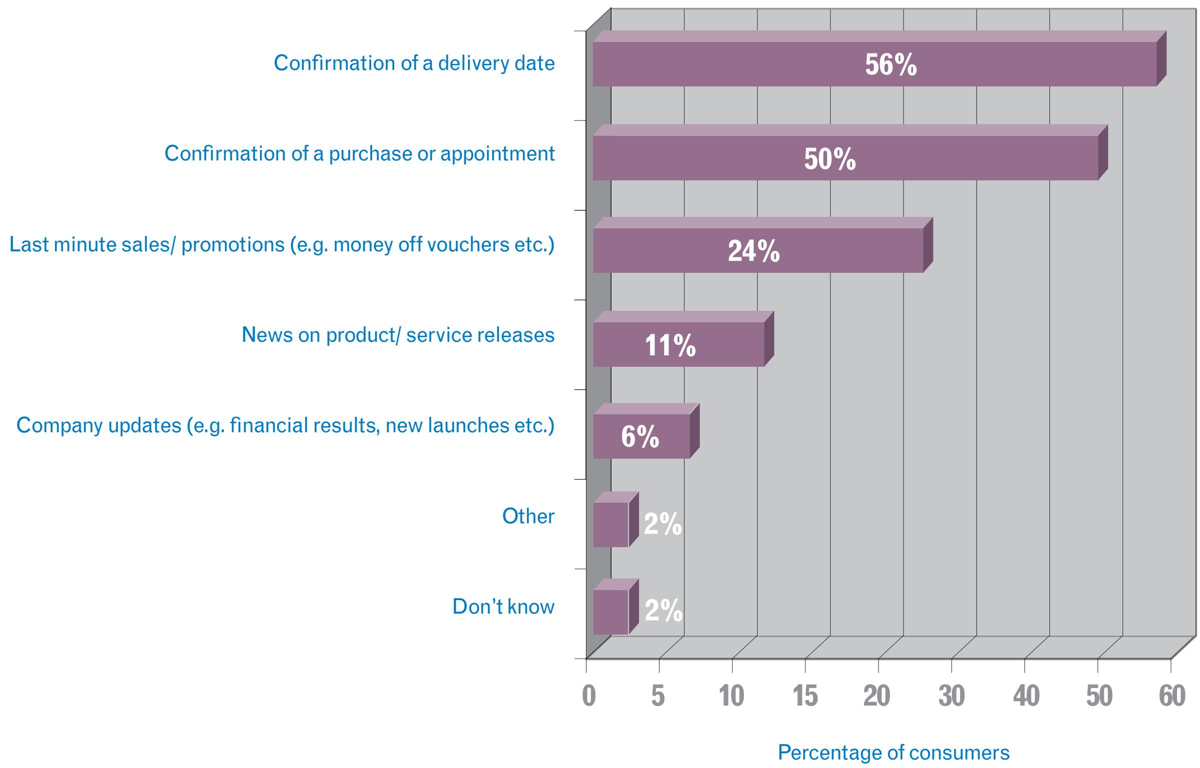
4.1 SMS: a high impact communication channel

The combination of very affordable 3G access and increased smart phone functionality are some of the reasons that are driving the sudden increase in mobile access to the internet. Many online consumers can therefore now read their emails "on the go" and, at least in theory, this is blurring the line between emails and SMS messages. However, there is still a distinct difference for consumers between receiving an email and an SMS message, even if it is on the same device. It is important for brands to understand this distinction in order to benefit from both these channels.

Our research shows that consumers are far less accepting of general SMS marketing messages sent to their main mobile phone, when compared with email. Many people keep their phones with them throughout their waking lives and respond to SMS messages as they arrive, as opposed to responding to emails when they choose to. In this medium perhaps more than any other, messages will feel very unwelcome and intrusive if they are not highly relevant and targeted.

There are, however, many types of messages that consumers **are** happy to receive via SMS. Messages associated with timely events following a customer interaction are particularly welcome. These include confirming items such as appointments, purchases and delivery dates.

Figure 1: SMS messages that consumers are happy to receive



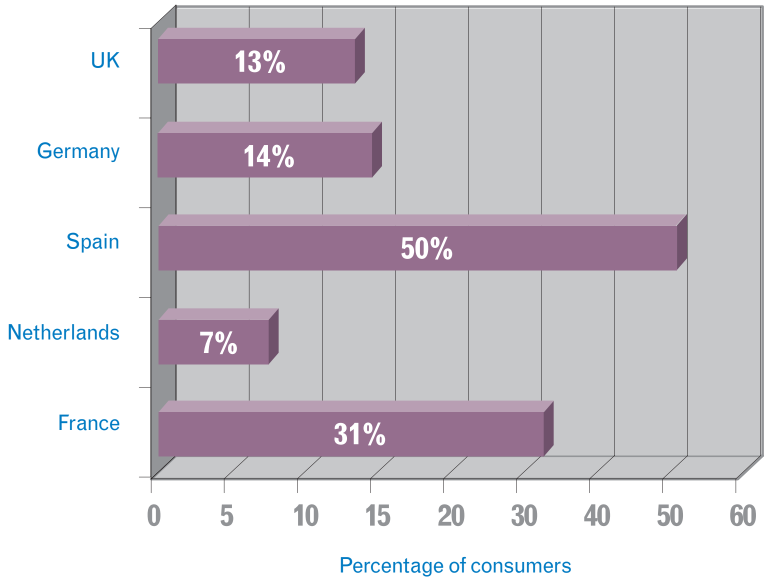
Base: All surveyed consumers

“SMS messages associated with timely events following a customer interaction are particularly welcome.”

Additionally, SMS works very well as a call to action in above-the-line advertising. Many TV and outdoor advertising campaigns now feature a shortcode – text in to win / find out more. This is an effective way of generating an immediate direct response from consumers and of capturing their data.

Finally, it is interesting to note that, geographically, there is a significant variance in consumer desire to receive information on last minute sales and promotions on their main mobile phones via SMS. Within Spain, for example, 50 per cent of those with a mobile phone were enthusiastic about receiving these kinds of messages, whereas the equivalent number in the Netherlands was 7 per cent.

Figure 2: Consumers happy to receive SMS messages on ‘last minute sales / promotions’



Base: All adults who have a mobile phone

Channel fact file - SMS

- High impact, personal communication
- Service based messages and timely offers work well
- Educational and non-time sensitive communications are not a good fit for SMS
- Be aware of limitations on length of message and creativity

4.1.2 Case study: Ultralase integrates mobile and email to drive sales and deliver good customer service

Laser vision correction specialist, Ultralase, has worked with Experian CheetahMail on a strategy that uses both SMS and email to drive customer interest and sales. TV advertising plays a dual role of creating brand awareness and generating direct response via a mobile shortcode. The shortcode features in the advertising allowing customers to respond directly, capturing their interest.

New prospects are also nurtured through Ultralase's email marketing programme, designed to deliver relevant and tailored content on consultation and treatment information. Customers are segmented and classified into one of three email marketing programmes prior to treatment or consultation to help Ultralase welcome, retain or reactivate individuals.

Once customers have booked their laser eye surgery, Ultralase uses mobile to enhance its customer service. An SMS message is sent to the customer's mobile confirming the details of their appointment.

4.2 Social media: embrace but handle with care

As mentioned in the foreword, in May 2010 within the UK, traffic to social network sites (11.9 per cent) exceeded that for search engines (11.3 per cent) for the first time.[2] This is not surprising as, globally, Facebook has exceeded 400 million subscribers and social networking websites race towards a billion users. On the basis that advertising investment ultimately follows eyeballs, the opportunities available through social media are potentially enormous.

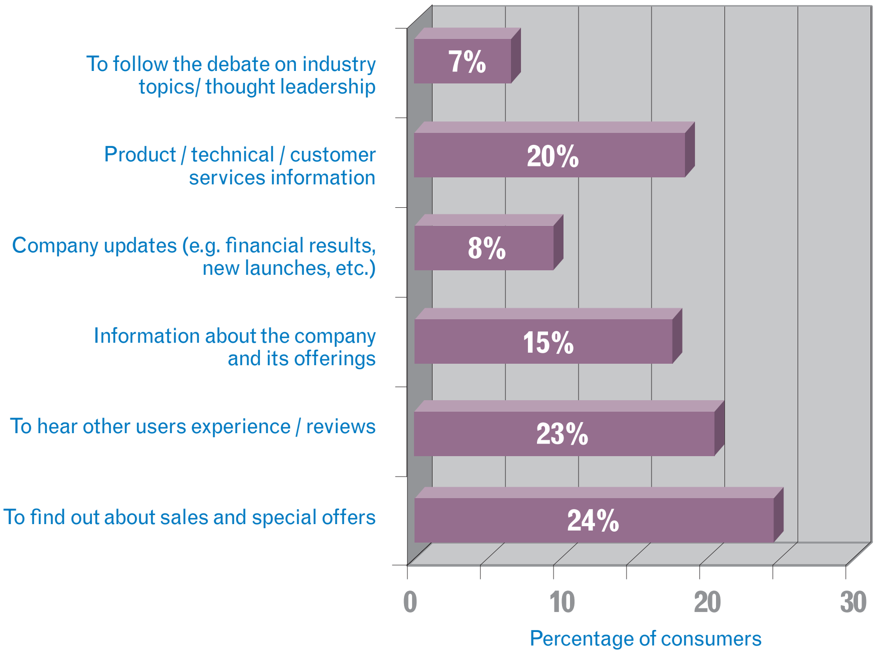
Brands need to be very thoughtful, however, on how they interact with social networks to ensure they are seen in a positive light. Our research highlights some very clear areas where brands can take advantage of social media, both in isolation as well as combined with other digital channels such as email.

Most consumers are now at home with social media, with three quarters or above using at least one social networking site across all five countries. Unsurprisingly, take up in all countries was much higher amongst the 18-24 year olds, particularly in the UK and Spain.

Despite the widespread use of social media across all territories, many of the sites, such as Facebook, are still a domain primarily for personal and social interactions so brands have to be careful entering this space. Outside of job searches, the most popular reason to interact with brands on social media is to find out about special offers and sales (see Figure 3). This is followed closely by the desire to hear other user experiences and reviews (23 per cent), so using tactics to encourage brand advocates to evangelise about their experience is really effective here.

[2] Source: Experian Hitwise

Figure 3: Top reasons that online consumers follow brands on social media



Social media has huge potential to tap into new consumer groups, build levels of trust and engagement with a brand and encourage the viral spread of messages. This means it is difficult for marketers to ignore. However, an interactive social networking website is quite a different beast from a corporate website and there are already a number of examples of brands that have been damaged by consumer encounters in this space. Tone of voice, honesty and transparency, therefore, are particularly important when considering message content.

What is encouraging is that half (51 per cent) of consumers indicated that they would engage with brands on a social media site for at least one of the reasons stated in Figure 3. One in three people online under the age of 35 also ‘follow’ or ‘friend’ the company they work for, on sites such as Facebook, LinkedIN and Twitter. In this respect, social media can be a great way to improve employee engagement; and employee engagement, in turn, has been intrinsically linked to higher business performance.

The potential of social media is also likely to increase significantly over time. The ‘digital native’ generations in their 20s or younger, who have grown up in a world filled with digital technology and embrace social media, will be the buyers of the future. For brands targeting that demographic, there are even more opportunities to use social media to engage their customers.

Brands that we have seen currently enjoying return on investment in the social media space tend to be those which consumers have an emotional connection to. Good examples include retailers like Hamleys, whose integrated email campaigns and social media postings have been positively received by Facebook followers, and entertainment companies like ITV (see case study example). Using content such as video in email, with 'share this' options, encourages the viral spread of campaigns across social networks. It is then possible to monitor subsequent spikes in web traffic as the campaign drives people back to the site. Brands, where possible, should try and identify and reward 'advocates' that are actively sharing content on social media. This could include sharing new / pre-release information with them first.

Having email address collection boxes on social media networks is also a great way of building subscriber bases for future email campaigns, creating long term customer engagement. Finally, tracking social media to identify hot topics and inform content for email campaigns is also proving successful.

> "Half (51 per cent) of consumers are prepared to engage with brands on social media sites."

Channel fact file – social media

- Access to highly engaged consumer groups
- Engagement defined by the strength of the content (must pull the consumer in)
- Creative restriction
- Fast to update or re-post
- Viral content is effective

4.2.1 Case study: Building a subscriber base using social media – ITV's 'I'm a Celebrity...Get Me Out of Here' campaign

At its peak, ITV attracted over 100,000 fans a week to its 'I'm a Celebrity...' Facebook fan page. As the TV programme gained exposure and momentum, the 'I'm a Celebrity...' email subscriber base rose from 9,000 at the start of the programme to 24,000 by the end of the programme via website and Facebook sign ups. At sign up, these people were also flagged by Experian CheetahMail with an interest of 'Talent & Reality' so have been acquired as a base for future Talent & Reality Programmes (The X Factor, Britain's Got Talent, Dancing on Ice, etc).

Statistics for the 'I'm a Celebrity...' campaign that ran from November to December 2009 were strong - average unique open rates and click throughs over that period were 28 per cent and 12 per cent respectively. In terms of cumulative opens and clicks, that amounted to 109,000 and 45,000 respectively.

ITV is now using the Experian CheetahMail platform to post targeted and relevant content directly to Facebook and Twitter for popular soaps such as Coronation Street. By following a few simple steps in the set up of the selected email campaigns, ITV can issue a Facebook 'status update' or 'tweet' to alert users to new content. Examples can be viewed at http://www.facebook.com/CoronationStreet

4.3 Email: a chance to prove you understand the customer

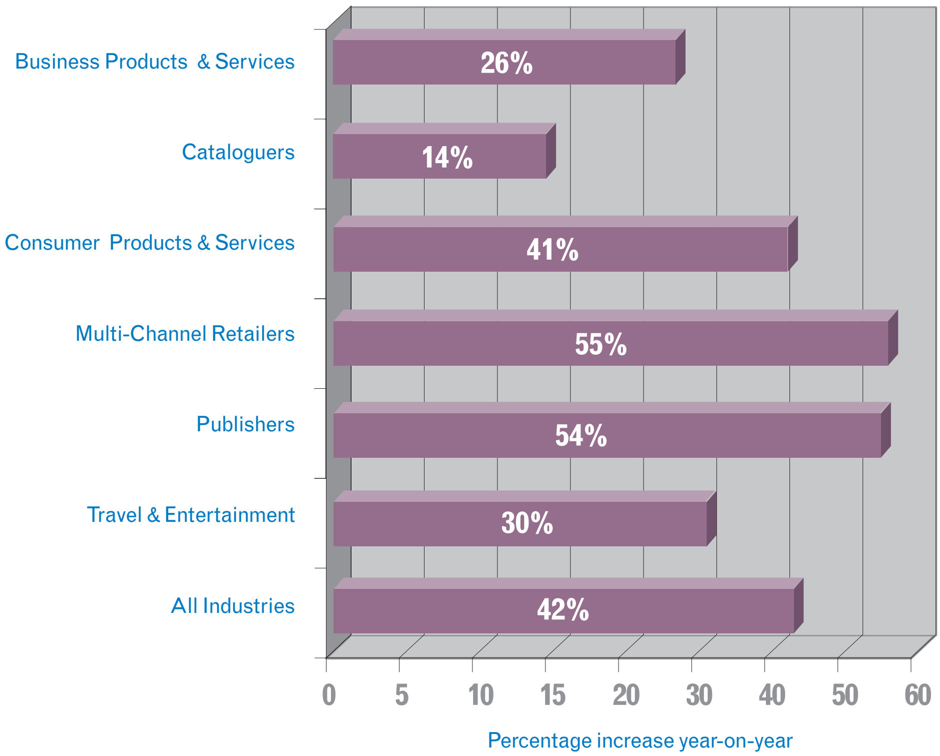
Email marketing continues to prosper in the digital landscape as consumers and marketers alike turn to the email channel for everything from shopping deals and daily news to personal greeting cards and social networking updates. The continued development of mobile device intelligence and growing prevalence of internet-enabled devices has also increased the customer engagement and revenue generation opportunity presented by the email channel.

The growth in demand for email marketing continues to rise. Now more than ever, it is seen as a cost effective business tool that is quick to deploy. The 2010 eConsultancy Email Census recently highlighted that 75 per cent of businesses rate email as 'excellent' or 'good' for return on investment, higher than that of any other digital marketing channel.

As the popularity of email grows, email volumes are, not surprisingly, increasing. In the latest global benchmark figures from Experian CheetahMail, email volumes are up 42 per cent year-on-year.

According to the Experian CheetahMail benchmark data, the largest increase in volume comes from multi-channel retailers (up 55 per cent) and the media/publishing sector (up 54 per cent), with consumer products and services also boosting their use of email by some 41 per cent. Perhaps not surprisingly, traditional mail order cataloguers and the business-to-business sectors lag somewhat in their uptake of email, however even these sectors have seen a healthy increase in email volumes over the past year.

Figure 4: Increase in global email marketing volumes by industry sector



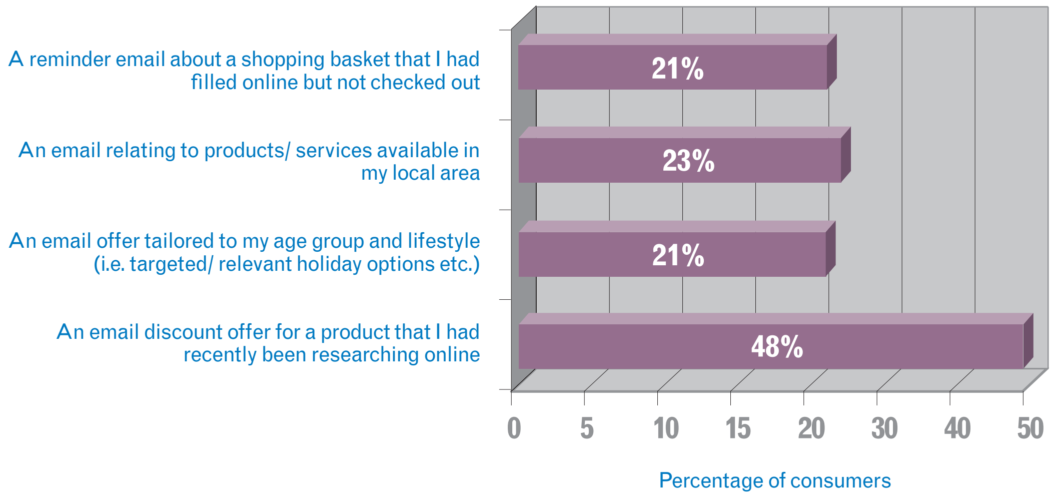
Base: a sample of global Experian CheetahMail clients sending circa 5 billion emails per month

With the number of email campaigns increasing, relevancy and targeting becomes more important than ever if brands are going to ensure inbox 'stand out'.

4.3.1 Improving relevancy and driving response

Improving email conversion rates is not an easy challenge but relevance and targeting are crucial contributors. As part of the YouGov research, online consumers were asked what would make them likely to respond to an email sent to them by a company. Consumers in all five countries are responsive to targeted and data-driven communications, and find emails that pull through information on products they had been browsing online particularly appealing.

Figure 5: What would make you more likely to respond to an email sent to you by a company?

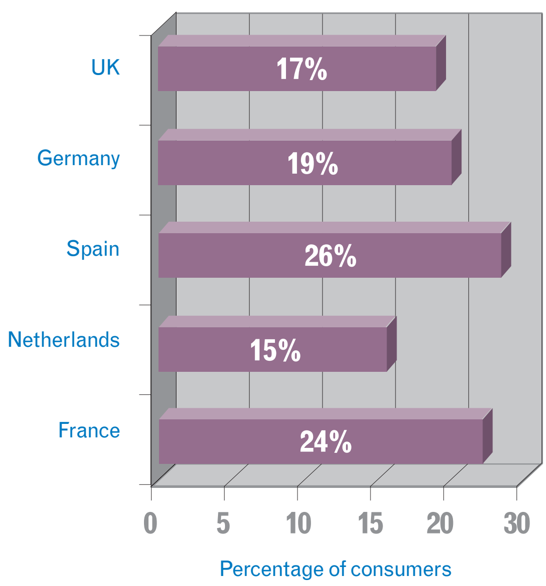


Base: 6441 consumers

Other tailored emails could also expect significant numbers of positive responses. Email offers tailored to suit a consumer's age group and lifestyle would make 40 per cent more likely to respond in Spain, 26 per cent in France, 18 per cent in the Netherlands and 13 per cent in Germany and 12 per cent in the UK. An email about products and services in the recipient's local area would welcomed by 36 per cent in Spain more likely to respond and 28 per cent in France, but 18 per cent or less elsewhere.

An email sent to remind a consumer that there was an online shopping basket they had filled online still waiting to be checked out was of most interest in Spain (26 per cent), just ahead of France (25 per cent).

Figure 6: Consumers that would respond to an abandoned shopping basket reminder



Base: 6441 consumers

The message is clear: consumers will reward companies able to send emails tailored to their individual circumstances and preferences. Fortunately, according to our benchmark metrics, a growing number of organisations appear to be grasping this concept.

Referring back to the Experian CheetahMail benchmark figures, key performance rates, including unique opens, clicks, unsubscribes and average order value remained flat with only minimal change year-on-year. This is despite the significant increase in the volume of emails (up 42 per cent). So unsubscribe rates remain around the 0.2 per cent mark, open rates around 22 per cent and click throughs around 4.4 per cent.

Clearly consumer reactivity to email campaigns is still strong despite the increased volumes. A further indication of the focus on increased relevance and targeting amongst email marketers is the fact that the amount of revenue that the sample of benchmark customers have managed to generate through the email channel is up 35 per cent on last year. Companies that build up detailed profiles of customers and invest in technology that helps to nurture relationships with those customers will be compensated for doing so.

> "The message is clear: consumers will reward companies able to send emails tailored to their individual circumstances and preferences."

Channel fact file – email

- Flexible content
- Fast and dynamic delivery
- Inbox competition requires high level of relevance and targeting
- Works for most message types
- Data driven campaigns have higher conversion rates

4.3.2 Case study: converting abandoned shopping baskets – Eddie Bauer

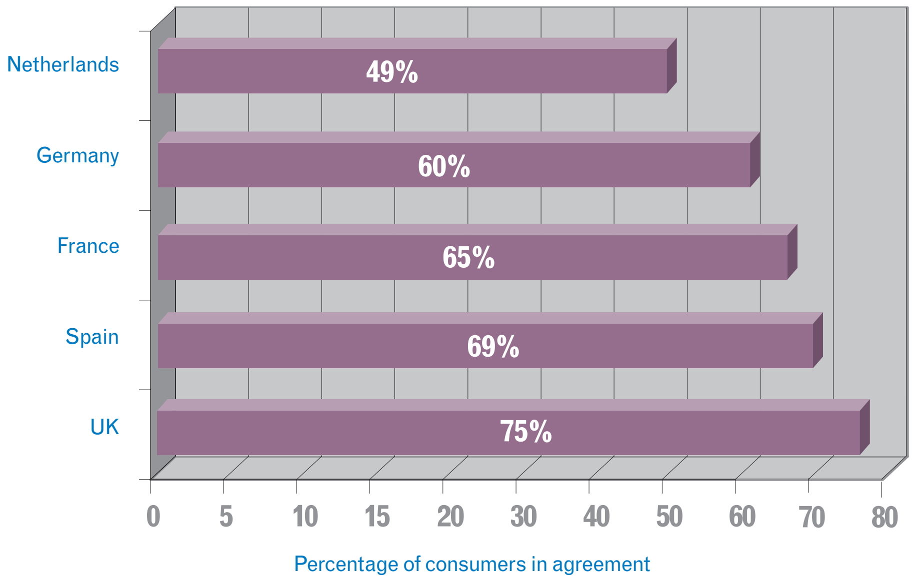
Eddie Bauer, a leading retailer of outdoor lifestyle apparel (across Germany, the US, Canada and Japan) wanted to increase revenue by reactivating customers who had abandoned their shopping baskets before making a purchase. Working with Experian CheetahMail and a third-party web analytics provider, Eddie Bauer achieved this goal by sending automatically-triggered emails reminding users to complete their previously abandoned online purchases. These ReMarketing messages significantly outperformed standard promotional mailings.

Eddie Bauer's ReMarketing messages, on average, outperformed standard promotional messages. Revenue per email was 21x higher transaction rates were 20x higher and click-through rates were 8x higher.

4.4 Channel choice: gaining the customer's trust

Finally, large numbers of the consumers (66 per cent) questioned for this research agreed or strongly agreed with this sentiment: 'I would like companies to ask me through which marketing channels I want to receive communications.'

Figure 7: Consumers who agreed or strongly agreed with this sentiment: 'I would like companies to ask me through which marketing channels I want to receive communications.'



The next statement: 'Generally, I trust companies to make the appropriate decisions when it comes to choosing which channel to communicate through', attracted fewer positive responses. UK consumers matched their desire to take control with scepticism about brands' ability to make this decision for them, with only 11 per cent agreeing or strongly agreeing. That figure is higher elsewhere: 18 per cent in Germany, 26 per cent in the Netherlands, 29 per cent in France and 40 per cent in Spain. This is positive news for marketers in those countries but they must be careful not to destroy that trust.

Again, while there are interesting variations between the different countries, the underlying lessons seem clear: if a company is able to use digital marketing channels in a way that matches consumers' needs and wants, enhanced customer relationships will result. Many organisations now use preference centres to collect contact data from consumers that help brands determine how and when to contact individuals. Combine this with learnings from the research that indicate the particular channels that are appropriate for certain messages and consumers will appreciate the effort and improved timeliness of campaigns.

The better a company becomes at making these communication decisions, the more likely consumers are to trust them to choose the right channel and the more likely they are to be receptive to future messages.

5. Conclusion

The digital explosion has certainly presented lots of opportunity but also challenges for marketers. The speed at which marketers are expected to plan, execute and manage campaigns and the complexity of choices have increased. The great news, however, is that there are now many more ways of engaging with consumers and technology is emerging to facilitate that contact.

While variations between countries are fascinating, what is interesting about this research is what it reveal about the underlying attitudes that are shared by consumers across Europe. It is important for organisations to think carefully about their brand and the type of media that work for its personality. Pushing communications into personal spaces such as social networks and to the mobile phone must be done with great care and a clear understanding of what will effectively resonate. With the strong indication from consumers that they want to be in control of their communications and preferences, asking people first about how they want to receive information on the brand is always a good start.

Overall, the research findings clearly reveal the potential value of marketing campaigns conducted across multiple digital channels. Consumers across Europe are willing to engage with companies that can harness new technology to present not just the right offer, to the right person at the right time – but also through the right channel. What must underpin this, however, is the importance of developing detailed profiles of customers. Care should be taken to match marketing messages and programmes to these profiles.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 6441 adults from UK, Germany, Spain and The Netherlands. Fieldwork was undertaken between 26th-28th April 2010. The survey was carried out online.

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