Marketers today are achieving groundbreaking results using carefully targeted email marketing. In fact, according to the Direct Marketing Association’s Power of Direct economic impact study, email marketing is currently **the top performing marketing channel** in terms of return on investment (ROI), with a projected return of **$39.40 for every dollar spent** in 2012.

Because of its high ROI, several years ago leading marketers began looking for new ways to use email to increase profit margins. Ultimately, they returned to one of the basic principles of all marketing: **it is cheaper to convince an existing customer to buy again than to convert a prospect into a new customer.** So they began utilizing email marketing to up-sell existing customers by sending them product recommendations based on previous purchases.

This white paper will review the reasons behind that strategy, as well as the tactics used, so that you, too, can maximize each marketing dollar you spend.
Product Recommendations
Create Repeat Buyers

The Difference Between A One Timer & A Repeat Buyer

On average, the lifetime value of a repeat customer is 4.8 times that of a one-time buyer — yet the average retailer spends 80% of his or her marketing budget acquiring the 77% of low margin clients who buy once and never come back. Knowing that, imagine the difference it would make on the bottom line if you increased the number of repeat customers buying from your store. But how do you do that?

Increase Repeat Buyers With Product Recommendations

Use the data you already have on your customers to recommend additional products they may need. This kind of upselling and cross-selling, when done well, helps you do a better job of satisfying your customers’ needs, while simultaneously increasing total order values, conversion rates and overall profits. Indeed, it’s these key principles that led sales behemoths like McDonalds to train its employees to ask, “Want fries with that?”

Make Recommendations Relevant By Segmenting Your List

It’s not enough to just send out an email to your entire list. The more people an email marketing campaign is sent to, the harder it becomes to make that email’s content relevant and interesting for every reader. For that reason, it’s important to break your list into segments and to target each one with the offer that will appeal best to them.
SEND THE RIGHT MESSAGE AT THE RIGHT TIME

The segments you create and the offers you send out are not the only factors that can impact your level of success—the timing of your emails is important. Consider this: A customer comes to your site and purchases an iPad. A week after he receives his purchase, you send him an email suggesting several iPad covers to help keep it safe from bumps and drops.

Or perhaps you sold him printer ink; about the time you expect him to be running low, you email him a reminder that it’s time to buy another cartridge.

That’s the concept behind triggered email marketing: your customer does something, “triggering” you to send them an email based on the action he or she took.

USING TRIGGERED EMAIL MARKETING EFFECTIVELY

You can choose to send an email recommending a product that complements a previous purchase (the iPad); an email suggesting they buy more of something they bought previously (the printer ink); or up-sell a customer to the next product level (they bought the “Intro to Knitting” kit? Suggest they try “Tips and Tricks for the Intermediate Knitter”).

When deciding what products to suggest, look at your data: What products did other customers buy with a specific product? What did they need soon after? Is there an item customers purchase repeatedly?

An email sent to the right person with the right message at the right time is the difference between hitting a bull’s-eye and simply making the target.
How HP Increased Response Rates 300%

HP COMBINED UPSELLING, CROSS-SELLING & TRIGGERED EMAILS

When HP’s marketing department decided to revamp its email marketing strategy, it decided to combine the two strategies we’ve discussed: Build segments based on purchase history, and send triggered emails to upsell and cross-sell to existing customers.

HP created offers that were sent out based on each segment’s job responsibilities and purchase history. For example, in one campaign, they promoted HP color printers to prospects based on the kind of printers those prospects already had.

...AND RESPONSE RATES ROSE 300-1000%

After 10 test campaigns, HP’s Marketing Manager, Alisa Marienthal, reported the team was seeing consistently higher results—response rates rose between 300% and 1000% when compared to HP’s previous campaigns. “We’ve all been surprised by the consistency of results; when you run tests you expect to see a mixed bag. I can’t overemphasize thoroughly enough the value of segmenting.”

OTHER COMPANIES SAW SIMILAR RESULTS

HP isn’t the only company seeing great results by combining these techniques—EmailMarketingReports.com reported that Shoeline.com increased its ratio of orders to opens by 31 percent; the site also noted that Motorcycle Superstore doubled open rates and tripled click-throughs... And that’s only a small sampling of eCommerce companies.
Email Segmentation Drives Big Wins for Retail

So it worked for a huge company like HP—but can it work for a company with a smaller marketing budget? Yes it can. Look what 3 Windsor Circle customers have accomplished with eCommerce customer segmentation.

- **ArtBeads.com** split their normal “Batch and Blast” email campaigns into four segments. In 3 weeks, they generated **$58,000** in additional revenue from these emails, and experienced a 10x increase in conversions, a 5x increase in email revenue, and a 2x increase in open rate.

- **Business-Supply.com** tested the importance of segmentation by sending 2 different campaigns in one day: a 10% off coupon to Best Customers and a 5% off coupon to the rest. The results? The Best Customer email resulted in **5.5x more conversions**, **6.5x more revenue**, and **15% higher average order value** than the other list, 20x as large.

- **GolfEtail.com** experienced a **284%** increase in conversions after enabling automatic segmentation between Left-Handed and Right-Handed Golfers. GolfEtail also saw a 256% increase in clickthrough rate, and a 170% increase in open rate.

“We increased our conversion rate to left-handed golfers almost 300% thanks to **Windsor Circle**...Thanks to **WhatCounts**, email marketing is by far our top-performing marketing effort. The ROI from our email marketing effort is nearly 3 times the next best effort and the conversion rate from email marketing outperforms the field by 30%. It’s simply a no-brainer.”

— Marc Ducey, Co-Founder & President, GolfEtail.com
How Windsor Circle Can Help

Sending targeted messages to customers requires tracking purchases and behavior, then reviewing and analyzing that data to create segmented email lists—all of which is time consuming. Creating a customized, automated system requires in-depth IT knowledge.

When you work with Windsor Circle, we handle the data for you—and automatically generate highly targeted customer segments!

Furthermore, with Windsor Circle in place, you can set up lifecycle marketing emails—so that when a customer makes a purchase, the appropriate email goes out automatically, with no further action from you.

Windsor Circle has partnered with major eCommerce and Email Service Providers to develop a “plug-and-play” solution that’s quick and easy to set up. All it takes is a quick 15-minute phone call and some email content; then Windsor Circle handles the rest for you.

What Our Customers Are Saying:

“Thanks to Windsor Circle we can now tackle marketing goals that were previously impossible for us. Product recommendations, RFM segmentation. This is a game changer for SamVilla.com. We couldn’t be more excited.”

— Dan Polhamus, Director of Interactive, Samvilla.com

“It took my IT guy about 15 minutes to install the Windsor Circle plugin. That’s it!”

— Josh Bigio, Marine Max

“It’s like printing free money!”

— Sean Godier, Business-Supply.com

Interested? Contact Us Today!
Call: (919) 822-2009
Or visit us online: www.windsorcircle.com
Powerful Email Marketing for eCommerce and Retail

How WhatCounts Can Help

As a marketing professional, you know that email marketing has one of the highest returns on investment of all marketing channels. But, do you know how to maximize your return based on your industry? WhatCounts has over a decade of experience working with retail leaders like Costco, Amazon and PriceGrabber.com to help them find and grow their email marketing ROI.

What We Offer

• A powerful email marketing platform (SaaS, hosted or on-premise) with features like advanced segmentation to deliver relevant emails based on subscribers’ preferences, and reporting analytics to allow you to see your ROI in real-time and gather information on your subscribers’ activities

• A strategic services team who can provide you with expert consultation and guidance using results-driven methodology

• Integration with Windsor Circle and other industry-leading technology partners that allow you to use your customer data to make the most of your email program.

Interested? Contact Us Today!

Call: (866) 804-0076
Or visit us online: www.whatcounts.com
Bibliography:


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