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FACULTY OF BUSINESS ADMINISTRATION



Study Program: International Management

# **Efficiency of Email Marketing on the International Flower Delivery Market**

Master Thesis

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# Declaration

*I declare that the thesis*

*“Efficiency of Email Marketing on the International Flower Delivery Market”*

*has been composed by myself and any sources used have been properly cited.*

Prague, May 2012

Klára Štěpánová

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**Title of the Master Thesis**

Efficiency of Email Marketing on the International Flower Delivery Market

**Abstract:**

One of the strongest benefits, but at the same time also one of the reasons for unexploited potential of email marketing, is its high return on investment. As in the case of the firm FloraQueen, also other companies underestimate the efficiency of email marketing. The goal of this thesis is to contrast current email marketing activities of a concrete example against the best case practices and define approaches for achieving the most efficient results. To do so, latest email marketing statistics and trends are recompiled, internal analysis of FloraQueen is realized, industry benchmarks are established and a final set of recommendations is concluded.

**Keywords:**

Email marketing, online marketing, newsletter, FloraQueen

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## Introduction

Despite the rise of new online communication techniques such as social media, email marketing remains an immensely credible and profitable channel. Based on a research of more than 800 digital marketers, email marketing is seen as “excellent” or “good” in terms of returns on investment for 70% of the respondents. Only search engine optimization scored as high, leaving other channels far behind.<sup>1</sup> Apart from generating revenues, email marketing is appreciated also for its possibility of quick deployment, immediate and highly measurable results, advanced customer segmentation and personalization.

Email marketing is thus a very efficient tool, by which fairly good results can be achieved with minimal effort. Nevertheless, this also leads to a common pitfall as companies get satisfied with the little they squeeze out of their email programs and do not strive for the best results achievable. But actual planning and execution of truly successful email marketing programs can become quite complex. The continuous desire for overcoming the existing status quo and achieving more is also the reason why the topic of email marketing was selected for this thesis. After both getting deeper into the theory of the topic and experiencing it professionally, 4 main goals of this work were established:

1. Evaluation of the current state of email marketing and identification of the existing best case practices within the field.
2. Internal analysis of email marketing practices of a selected online company on the international flower delivery market.
3. External analysis of industry benchmarks.
4. Proposal of recommendations in order to increase the efficiency of email campaigns of the chosen firm.

This thesis firstly addresses email marketing from the theoretical point of view, putting into context latest numbers and trends. It encompasses the approaches of how to create an email marketing strategy, follows with thorough explanation of the different parts of email campaigns and touches also the topic of building and managing a database of subscribers. The goal is to create background, to which a concrete example could be set.

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<sup>1</sup> eConsultancy [online]. 2012 [cit. 2012-03-17]. Sample: Email Marketing Industry Census 2012. Available at: <http://econsultancy.com/uk/reports/email-census/downloads/4435-sample-email-census-2012-pdf>

The practical case of FloraQueen, an online small-sized company, with headquarters in Spain but worldwide operations in the floriculture industry, is introduced with explanation of its traditional newsletter program, its goals, audience and designated budget. New practices, which started shifting FloraQueen email marketing results, are described afterwards and their impact on key performance indicators together with website analytics and deliverability is analyzed. The chapter is closed with the evaluation of A/B tests of subjects, buttons, discounts and sending time, which were run in order to learn better the preferences of FloraQueen customers.

As to complete the internal audit, also relevant external benchmarks are established. 30 largest online companies from the floriculture industry are selected according to their size and location of operations in order to evaluate their email marketing practices. The acquisition tactics of 23 firms offering the possibility to subscribe for commercial newsletters are observed and the conversion and growth practices of 17 firms, which were actively sending email campaigns are described. Results of the analysis of distribution habits, creative of newsletters and their content are also presented.

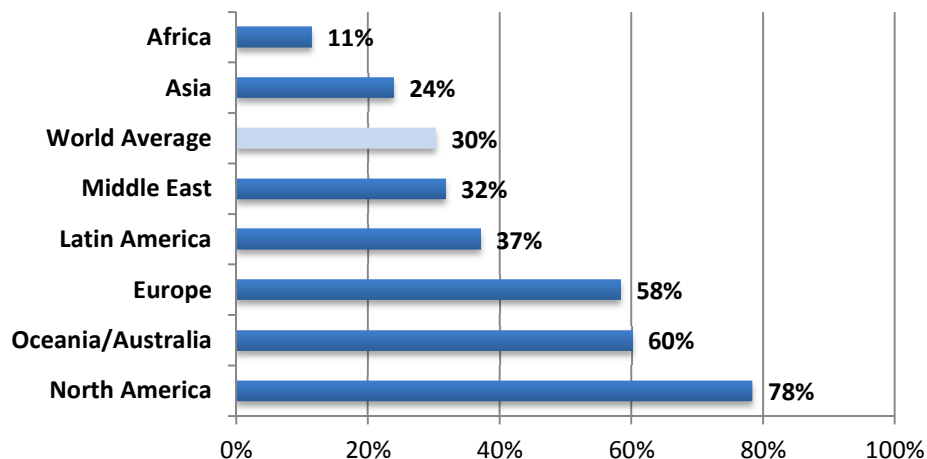
The last chapter is built based on all precedening parts of this work – the email marketing trends and best case practices, the internal analysis of FloraQueen and the industry benchmarks. A set of recommendations, according to which FloraQueen could achieve higher efficiency in its email marketing strategy is proposed with the goal of being further developed and put into the practice.

# 1. Email Marketing As a Strategy

## 1.1. Current Internet Trends

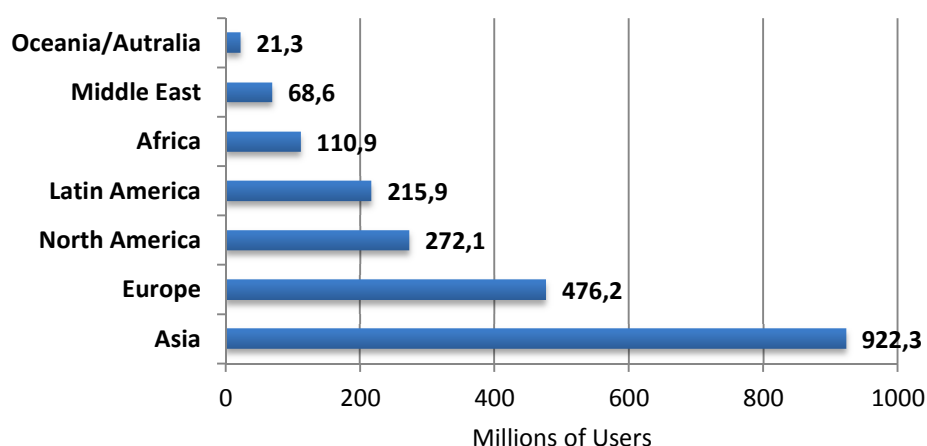
We live in an online world. On average, the world internet penetration rate is 30%, with North America reaching as high as 78%. There are in total about 2,1 billion of people using internet, which is 480% more in comparison with the year 2000.<sup>2</sup>

**Illustration 1: World Internet Penetration Rates by Geographic Regions 2011**



Source: Internet World Stats [online]. 2011 [cit. 2011-11-05]. World Internet Users and Population Stats. Available at: <http://www.internetworldstats.com/stats.htm>

**Illustration 2: Internet Users in the World by Geographic Regions 2011**

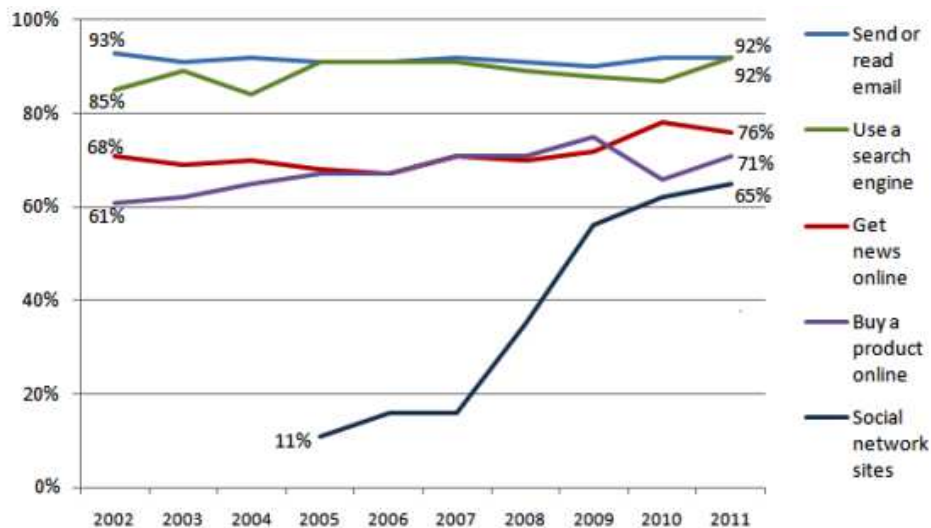


Source: Internet World Stats [online]. 2011 [cit. 2011-11-05]. World Internet Users and Population Stats. Available at: <http://www.internetworldstats.com/stats.htm>

<sup>2</sup> Internet World Stats [online]. 2011 [cit. 2011-11-05]. World Internet Users and Population Stats. Available at: <http://www.internetworldstats.com/stats.htm>

Among the most popular online activities belong search and email, each accounting for about 92% of adults.<sup>3</sup> Over the years, search as well as email also became more habitual. These days, roughly 60% of adults engage in each of these activities daily, whereas in 2002 only 49% of adults used email each day and 29% search engines.<sup>4</sup>

**Illustration 3: The Most Popular Online Activities 2002 - 2011**



Source: Pew Internet & American Life Project [online]. 2011 [cit. 2011-11-05]. What Internet Users Do Online. Available at: <http://www.pewinternet.org/Static-Pages/Trend-Data/Online-Activites-Total.aspx>

The online world and the activities performed within it become even more important as new platforms, broadband and mobile devices reshape the status quo. With continuously more people living and working online, also the companies move their marketing strategies and plans online. There are plenty of ways of reaching customers online, but for direct response marketing, there is no faster, cheaper or more effective current venue to reach the top prospects than email marketing.

### 1.1.1. Email Newsletters And Their Benefits

An email newsletter uses the electronic email as a means of distribution of content to subscribers on a regular basis, at no cost to them and with the objective of generating direct sales or producing indirect benefits for the sending organization. Using electronic email as a means of communication, email marketing provides companies with a number of benefits, such as:

<sup>3</sup> Pew Internet & American Life Project [online]. 2011 [cit. 2011-11-05]. What Internet Users Do Online. Available at: <http://www.pewinternet.org/Static-Pages/Trend-Data/Online-Activites-Total.aspx>

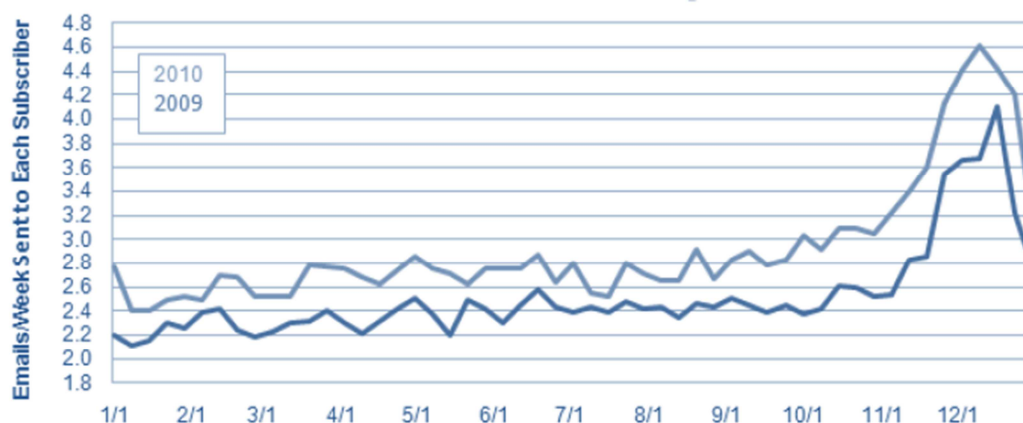
<sup>4</sup> Pew Internet & American Life Project [online]. 2011 [cit. 2011-11-05]. Online Activities Daily. Available at: <http://www.pewinternet.org/Trend-Data/Online-Activities-Daily.aspx>

- Direct communication, allowing also for two-way conversation,
- Immediate interactivity,
- Highly effective returns on investment – on average, for every \$1 a company spends on email marketing, it generates \$45 in return,<sup>5</sup>
- Targeting qualified leads on a one-to-one basis, leading to segmentation and customized messaging.

### 1.1.2. Email Marketing Statistics And Trends to Ponder

Email volume per subscriber increased by double-digits in the past few years. Year 2010 experienced an accelerated growth and a new all-time high email volume. Since 2007, the email volume rose by 61%. On average, nowadays a subscriber receives 152 emails during one year, which breaks down to 12,7 emails per month and 2,9 emails per week. These numbers mean a 16% growth in comparison with 2009.<sup>6</sup>

**Illustration 4: Amount of Promotional Emails Sent by Top Online Retailers 2009, 2010**



Source: Responsys [online]. 2011 [cit. 2011-11-06]. Retail Email Year-End Trends for 2010. Available at:  
[http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

Email marketing is the workhorse of the online interactive mix of many companies. But with the fast moving online world, also email newsletters need to set new rules of the game. Social media, mobile devices, video and web analytics are just the tip of the iceberg, to which email marketers need to adjust their activities.

<sup>5</sup> MailerMailer [online]. 2008 [cit. 2011-11-06]. Turning Emails into Customers - The 2009 Guide to Easy Email Marketing. Available at: <http://www.mailermailer.com/resources/guides/turning-emails-into-customers.rwp>

<sup>6</sup> Responsys [online]. 2011 [cit. 2011-11-06]. Retail Email Year-End Trends for 2010. Available at:  
[http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

## **Integration of email marketing and social media**

55% percent of US online marketers think that the efficiency of social media channels will increase. The spending on integrated social network campaigns will rise at 26% CAGR over the next five years.<sup>7</sup> By integration with email marketing, the performance of both mediums can boost. Nearly 50% of marketers see this extremely important, as they can build a lead nurturing list of subscribers, credibility and viral buzz.<sup>8</sup>

## **Adoption of mobile marketing**

Microsoft says that by 2014, there will be more mobile internet users than desktop/laptop users.<sup>9</sup> Moreover, the outlook predicts mobile commerce top \$31 billion in five years, which represents a CAGR of 39%.<sup>5</sup> Following these trends, email marketers need to adjust their messages in order to optimize them for viewing on mobile and tablet devices.

## **Promotion of video messages**

In 2010, the number of videos watched per day on YouTube was 2 billion. Videos watched per month on Facebook counted also for about 2 billion.<sup>10</sup> Moreover, videos in email messages have proved an increase in click-through rates by over 96%. Email marketers find this particularly useful for the promotion of training courses, product demos, product promotions and customer testimonials.<sup>6</sup>

## **Consolidation with web analytics**

Good web analytics consolidate interactions across all online channels and deliver comprehensive insights to the behavior of the end customers. These can be then used to trigger emails with targeted information about shopping cart or viewed site abandonment.

## **1.2. Formulating Email Marketing Strategy**

The high profitability makes email marketing one of the key parts of strategic planning, so that companies would leverage the opportunity to target their base of subscribers

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<sup>7</sup> Forrester Research [online]. 2011 [cit. 2011-11-06]. US Interactive Marketing Forecast, 2011 To 2016. Available at: [http://www.cmo.com/sites/default/files/us\\_interactive\\_marketing\\_forecast\\_2011\\_to\\_2016.pdf](http://www.cmo.com/sites/default/files/us_interactive_marketing_forecast_2011_to_2016.pdf)

<sup>8</sup> GetResponse [online]. 2010 [cit. 2011-11-06]. 2010 Email Marketing Trends Survey. Available at: [http://www.getresponse.com/documents/core/reports/2010\\_Email\\_Marketing\\_Trends\\_Survey.pdf](http://www.getresponse.com/documents/core/reports/2010_Email_Marketing_Trends_Survey.pdf)

<sup>9</sup> Microsoft Tag [online]. 2011 [cit. 2011-11-06]. The Growth of Mobile Marketing and Tagging. Available at: [http://tag.microsoft.com/community/blog/t/the\\_growth\\_of\\_mobile\\_marketing\\_and\\_tagging.aspx](http://tag.microsoft.com/community/blog/t/the_growth_of_mobile_marketing_and_tagging.aspx)

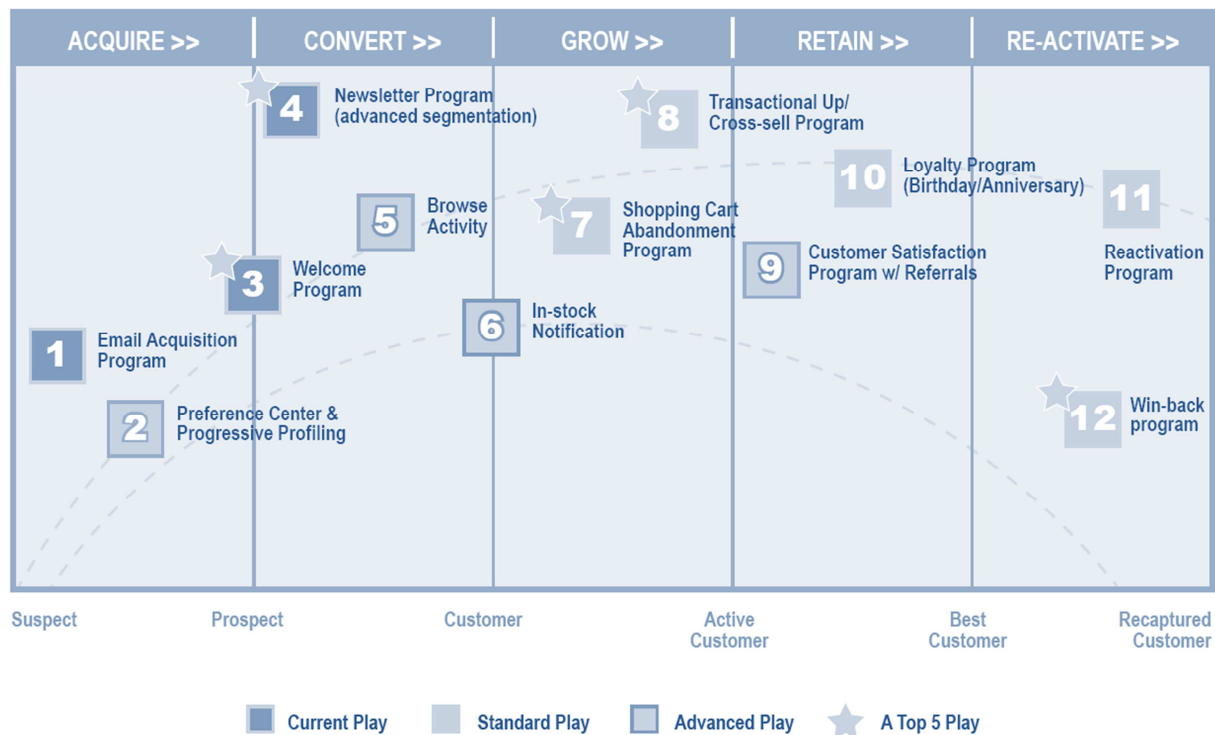
<sup>10</sup> Royal Pingdom [online]. 2011 [cit. 2011-11-06]. Internet 2010 in numbers. Available at: <http://royal.pingdom.com/2011/01/12/internet-2010-in-numbers/>

with relevant messages. Good email marketing strategy initiates, deepens, and maintains the relationship between an organization and its customers who opt in for receiving informational or promotional messages. In order to get desired results, companies need to know first what they pretend with their newsletters and who do they talk to.

### 1.2.1. Goals

On the contrary to search engine marketing, lead generation programs, webinars or tradeshow, email marketing does not require immediate sales conversion. Instead, marketers can nurture these potential clients with relevant information.

**Illustration 5: Segmentation of Email Messages According to Customer Life Cycle**



Source: Responsys [online]. 2008 [cit. 2011-11-06]. The Retail Marketer's Playbook. Available at: [http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

Different types of newsletters allow for an ongoing engagement, which passes through all the stages of a consumer life cycle: acquisition, conversion, growth, retention and re-activation. In each of the phases, marketers can follow distinct goals:

- Acquire new customers,
- Generate sales,
- Keep sales leads warm,

- Increase customer satisfaction and education,
- Up-sell and re-sell,
- Build brand and image,
- Drive traffic to web site or to other media.

From 7,7 billion emails sent in North America in the second quarter of 2011, almost 69,7% of them belong to promotional messages, 4,3% to customer service messages, 0,6% to editorial and 0,1% to acquisition.<sup>11</sup> Defining the right objective is crucial for determining what type of content suits the most to a newsletter, how often should it be sent and in what manner the base of subscribers should be segmented.

### **1.2.2. Types of Email Messages**

In each of the phases of a customer life cycle and following different goals, marketing professionals might choose from different types of emails. It is important to remember that one size does not fill all and some clients will be more suited to email newsletters than short announcements and vice versa.

- Newsletters – focus on providing relevant, useful content in order to build long-term relationships with customers and keep them informed about the latest news,
- Catalogue emails – list selected products with the primary goal of sale,
- Postcard emails – inform customers about a special offer, new product or fire sale in form of a brief announcement with a single call to action,
- Surveys – include a set of inquiries to discover more about clients (their personal data/interests/email marketing preferences/...),
- Event/webinar campaigns – invite to events and dynamise the activity of participants,
- Triggered emails – are sent based on specific consumer actions and behavior,
- Service emails – help to establish confidence and potentially prevent problems arising from a poor maintenance of the products purchased.

### **1.2.3. Audience**

Many email marketers, who don't define their goals, send "batch and blast" campaigns, messages whose low relevance is pretended to be compensated with high volume. But there is not only one bunch of email addresses, there are suspects, prospects, converted

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<sup>11</sup> Epsilon [online]. 2011 [cit. 2011-11-06]. Q2 2011 Email Trends and Benchmarks. Available at: <http://www.epsilon.com/Thought%20Leadership/p176-l2>

customers, loyal customers, recaptured clients and to create a long-term value, differentiated customer experience needs to be delivered. Email marketers need to have a genuine interest in their customers to be able to segment them. Logical grouping of customers can be done on the basis of demographic information, similar interests or consumer behavior. Particularly useful can be previous email or web site click activity, purchases and knowledge about the recency, frequency and monetary.

#### **1.2.4. Budget**

Depending on the goals of email marketing and the size of audience, email marketers can set their budget. It is wise to count also the projected breakeven point in order to know when the initial investment returns. For that reason it is necessary to know the expected conversion rate and all involved costs, such as:

- Purchase / gathering of opt-in list,
- Copywriting and design of newsletters,
- Purchased software / in-house built software for managing the list and distribution,
- Software to analyze data and track incoming orders.

## **2. CREATING A CAMPAIGN**

### **2.1. Newsletter Format, Length, Frequency and Timing**

Early in the phase of building a newsletter, it is the best to ask the audience about their preferences, whether by an online survey or preference form on the subscription page.

#### **Format**

We differentiate between two basic varieties of email newsletters – text and HTML. Text newsletters come in plain, simple form, without any formatting, apart from working hyperlinks. They can be previewed by any email program as in contrast with rich HTML newsletters, which contain full-color graphics and even flash images, audio or video files. For HTML newsletters, marketers can employ sniffers that recognize HTML capable browsers from the text only ones.

#### **Length**

Different lengths work the best for different applications and audiences. Newsletters should be kept no longer than the recipients are willing to read, which is according to Jakob Nielsen 51 seconds on average.<sup>12</sup> Unless marketers are familiar with the value their content brings to the subscribers, they should adopt a less-is-more mentality. Also, marketers need to consider the modes of how subscribers might read newsletters – online or offline from a PC, on a wireless device such as tablet or mobile and even printed out on a paper. Lastly, newsletter length should be also properly matched with the sending frequency.

#### **Frequency**

Frequency of sending depends largely on how often is there relevant information that subscribers want to read. In case of sending repetitive or unrelated messages, customers get conditioned to automatically delete any further messages or alternatively unsubscribe or make a spam complaint. At the same time, there is also a bottom ramification of too infrequent messaging, which results in high hard bounces and again unsubscriptions or spam complaints due to clients forgetting about opting in. When considering frequency, it is necessary to take into account also the customer life cycle and trigger emailing.

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<sup>12</sup> Nielsen Norman Group [online]. 2010 [cit. 2011-11-15]. Email Newsletter Usability: 199 Design Guidelines for Newsletter Subscription, Content, and Account Maintenance Based on Usability Studies. Available at: <http://www.nngroup.com/reports/newsletters/>

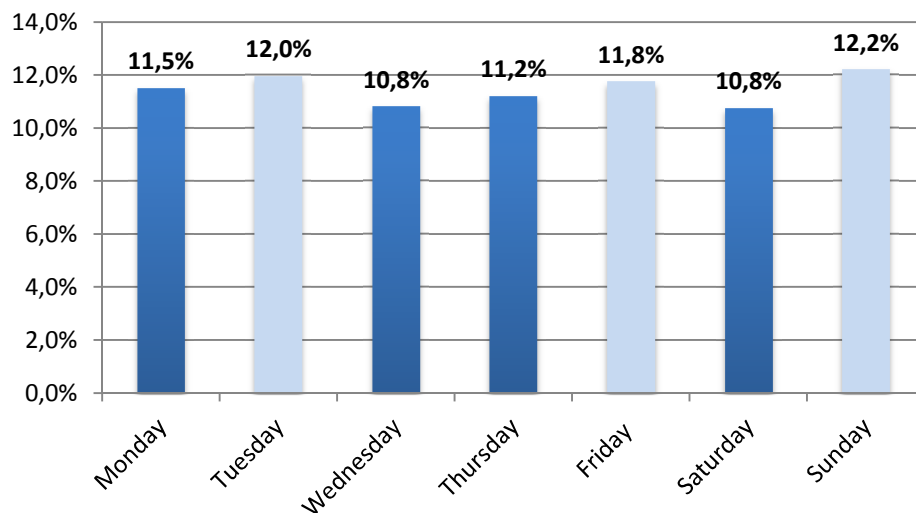
## Timing

The time of sending, including both the day and exact hour affects highly the email open and click through rates. In 2010, the best open rates scored emails on Sunday, Tuesday and Friday and the best click through rates performed campaigns during the weekends. In conclusion, the most favorable day for reading newsletters was Sunday, with an average open rate of 12,2% and engagement by clicking of 4,4%. It is also important to note that with the increasing frequency diminishes the importance of which days marketers are mailing.<sup>13</sup>

Having a closer look on the best opening time during the day, there is a clear peak between 10 – 11 am. Analyzing at the same time the scheduled hour of delivering the email campaigns, the best performing were those launched in early morning hours, 1 – 5 am and those in late afternoon 6 – 7 pm.<sup>14</sup>

In the case of timing, an important role plays seasonality, too. In 2010, the holiday emailing started earlier, rose more quickly and peaked higher than in the previous years. Christmas became clearly the most popular holiday theme with about 90% of retailers sending promotional messages in comparison with 10 – 30% for other events throughout the year.<sup>15</sup>

### **Illustration 6: Key Performing Open Rates by Day 2010**



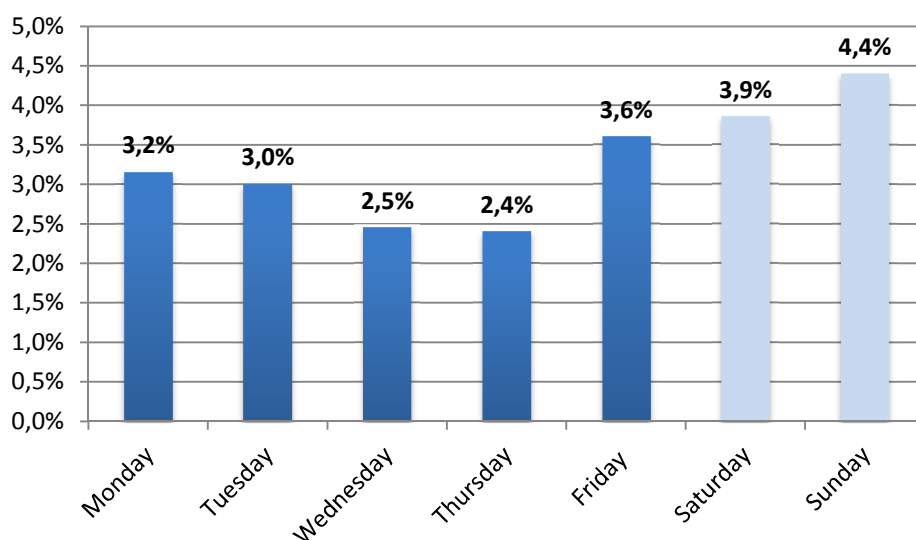
Source: Author, according to MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

<sup>13</sup> MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

<sup>14</sup> MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

<sup>15</sup> Responsys [online]. 2011 [cit. 2011-11-06]. Retail Email Year-End Trends for 2010. Available at: [http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

### **Illustration 7: Key Performing Click Rates by Day 2010**



Source: Author, according to MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

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## **2.2. Content**

Content is another metrics, upon which subscribers decide about the performance of any campaign. The from and subject lines determine whether a newsletter will be previewed or opened, the preview panel nurtures subscribers to open to full screen and scroll down the email and the layout and personalized features lead to action.

### **2.2.1. The From Line**

40% subscribers open emails based upon the line, which identifies the sender of the message. The question is - how is the audience most likely to recognize the sender? In some inbox viewers, senders have only 10 characters (including spaces) to convince the subscribers about their trustworthiness.<sup>17</sup> Among the most used options to prove the familiarity belong:

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<sup>16</sup> Responsys [online]. 2011 [cit. 2011-11-06]. Retail Email Year-End Trends for 2010. Available at: [http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

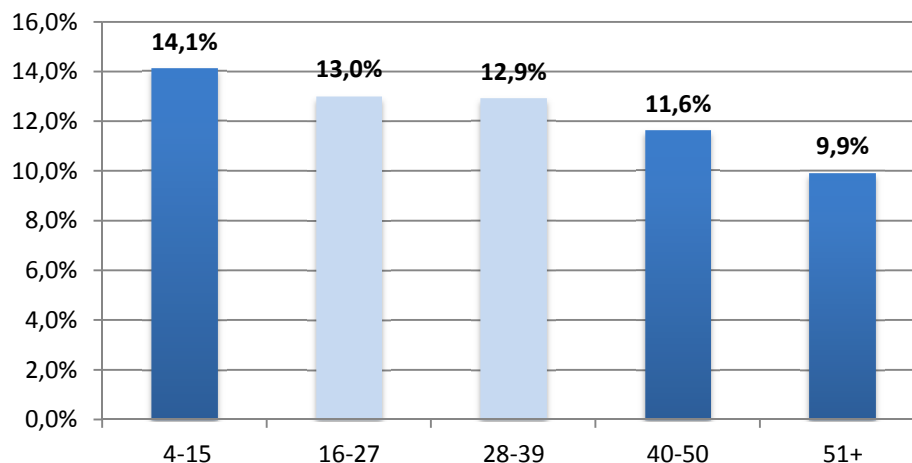
<sup>17</sup> YUDKIN, M; GUTZMAN, Alexis D.; HOLLAND, A. *Best practices in marketing with email newsletters* [online]. Portsmouth, R.I.: MarketingSherpa, Inc. 2002. eISBN: 9781932353013.

- Email address – some email clients, such as AOL, display in the from line the sender's email address, regardless of what name the sender wanted to be shown,
- Personal/business / brand name – depending on what is the most identifiable,
- Location – to be used for franchises or companies with multiple locations,
- Website domain,
- Name of the newsletter.

### 2.2.2. Subject Line

The remaining 60% of recipients scans the subject line to know if the message is worth opening.<sup>18</sup> The most suitable subjects vary by industry and company and are also heavily influenced by spam. Senders need to choose carefully the words and style used, so that they were not overseen on one side or filtered as spam on the other. Some best case practices include standardizing subject lines, as for example using company name or a specific tone.<sup>19</sup> To reach the highest open rates possible, it is also recommendable to limit the line length. Many email clients display only up to 50 characters, including spaces, which sets the maximum for any newsletter sender. At the same time, the minimum might be indicated by the statistics showing open and click rates by subject line length.

**Illustration 8 – Open Rates by Subject Line Length 2011**



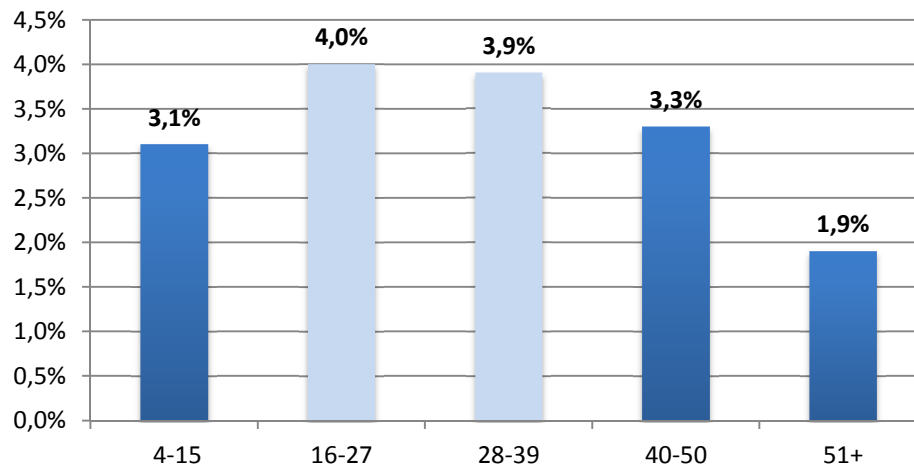
Source: Author, according to MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

<sup>18</sup> YUDKIN, M; GUTZMAN, Alexis D.; HOLLAND, A. Best practices in marketing with email newsletters [online]. Portsmouth, R.I.: MarketingSherpa, Inc. 2002. eISBN: 9781932353013.

<sup>19</sup> MailChimp [online]. 2008 [cit. 2011-12-03]. A/B Split Testing – Does it Help Email Marketing? Available at: <http://blog.mailchimp.com/ab-split-testing-does-it-help-email-marketing/>

Interestingly, the category of 4-15 characters length, generating the most opens, does not deliver the best results what concerns the click rate. Very short subject lines might lack relevancy and clear call to action, which leads to the recommendation of keeping subject length to about 16-39 characters.<sup>20</sup>

**Illustration 9 - Click Rates by Subject Line Length 2011**



Source: Author, according to MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

### 2.2.3. The Preview Pane

In some cases, grabbing the reader's attention with sender's or subject line does not necessarily mean that he will open the message. Different horizontal and vertical preview panes usually allow the subscriber to see only the top 288-360 pixels square. This forces marketers to adjust the email outlay, so that this most-viewed area would be branded and contained the main call to action. It is also important to note, that all B2C and majority of B2B email clients and ISPs block images by default.<sup>21</sup>

### 2.2.4. Layout

Once the subscriber prompts to opening full-screen, he is presented above-the-fold part of the message. This area varies depending on the screen resolution and the size of the window in which the email is being viewed. Nevertheless, it should contain high-powered

<sup>20</sup> MailerMailer [online]. 2011 [cit. 2011-11-06]. How Scheduling Affects Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/how-scheduling-affects-rates.rwp>

<sup>21</sup> ExactTarget [online]. 2008 [cit. 2011-12-03]. Email Marketing Design and Rendering: The New Essentials. Available at: [http://www.e-maillogic.com/blog/ET\\_WP\\_Email\\_Marketing\\_Design\\_and\\_Rendering.pdf](http://www.e-maillogic.com/blog/ET_WP_Email_Marketing_Design_and_Rendering.pdf)

content as only 11% of subscribers scroll down to view the full message.<sup>22</sup> Design of the email should ultimately guide readers throughout the copy to the conversion opportunity.

### **Pre-header, Header, Footer**

Pre-header typically features one or two lines at the very top of a newsletter. Because of the preview panes already mentioned, it should be placed on the left-hand side and contain introduction to the topic, summary of the offer and call to action or one of the functional items, such as permission reminder, request to white-list the sender or web version, unsubscribe, edit preferences or forward-to-a-friend links.

Header is used to include the sender's name and logo and any of the functional items listed above. In case, that the conversion goal is to click through to the website, the header should also be used to create a consistently branded experience, applying similar navigation.

Footer is found below the newsletter's content and it is the most suitable place to place all the administrative details, including CAN-SPAM compliance, contact information, privacy policy, copyright information and again any of the functional items. Furthermore, it might be utilized for cross-promotions and partner recognition.

Often, either in the header or footer area, one can find also social media links. Currently, about 60% of marketers integrate social media into their email campaigns.<sup>23</sup> From those, B2B marketers report sharing to social networks as a successful list growth strategy, whereas B2C marketers don't see it as much valuable in comparison with other list growth tactics. Nevertheless, both groups admit that the quality of such new subscribers is very high.<sup>24</sup> The most frequently promoted links are to Facebook (in 91% of the cases), followed by Twitter (84%) and LinkedIn (48%).<sup>21</sup>

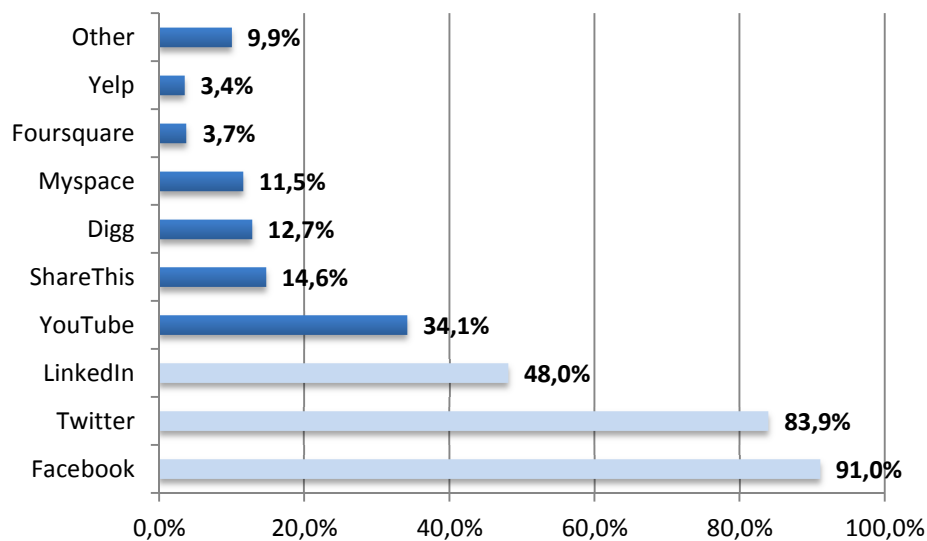
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<sup>22</sup> Nielsen Norman Group [online]. 2010 [cit. 2011-12-03]. Email Newsletter Usability: 199 Design Guidelines for Newsletter Subscription, Content, and Account Maintenance Based on Usability Studies. Available at: <http://www.nngroup.com/reports/newsletters/>

<sup>23</sup> eROI [online]. 2010 [cit. 2011-12-03]. Email Survey Results: The Current State of Social, Mobile and Email Integration. Available at: <http://www.eroi.com/blog/2011/02/01/the-current-state-of-social-mobile-email-integration/>

<sup>24</sup> ExactTarget [online]. 2008 [cit. 2011-12-03]. Expanding the Reach of Email With Social Networks. Available at: [http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ET\\_WP\\_SocialMedia.pdf](http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ET_WP_SocialMedia.pdf)

### **Illustration 10 – Top 10 Social Networks Integrated into Email Marketing Efforts 2010**



Source: Author, according to eROI [online]. 2010 [cit. 2011-12-03]. Email Survey Results: The Current State of Social, Mobile and Email Integration. Available at: <http://www.eroi.com/blog/2011/02/01/the-current-state-of-social-mobile-email-integration/>

### **Visual Anchors**

Visual anchors are the design or text elements that draw reader's attention to the content. They should be placed in the order in which subscribers skim the body of a newsletter, keeping in mind the importance of preview panes and above-the-fold division.

- Headlines, text links – draw attention to themselves and the content directly below.
- Images and graphics – rise interest in themselves and adjacent text on the left, right or below. When placed in the upper left quadrant, their size should be limited, so that readers would capture also the text associated.
- Table of contents – navigate to important content in other quadrants.
- Lines and borders – horizontal ones direct the attention to the content above, whereas the vertical ones pull reader's eyes to either left or right depending on the strength of visual anchors on those sides.

### **2.2.5. Personalization**

Personalization uses recipient's own information to create highly relevant messages and thus maximize the response to them. Personalization, as a one-to-one communication tool between the company and its customers, might either use data extracted from preference

forms, or demographic and behavioral information. Based on responses from past campaigns and buying history, marketers can target subscribers for example according to their preferred brands, areas of interest or time (subscription date, last order date). Some email service providers offer also dynamic content tools, which directly allow for usage of variable images and text within one newsletter.

#### **2.2.6. Planning, Production, Rendering, Testing**

It is advisable to plan beforehand the topics of upcoming newsletters as well as any A/B testing. This way, series of interconnected emails or graduating offers might be deployed and consistent messaging as well as testing and usage of the results assured.

In the process of creation of a newsletter, all email mechanics should be revised. Images failing to load, broken response links or dysfunctional unsubscribe process are all mistakes which lead to irreversible loss of subscribers. The same applies for correct rendering of messages on all email clients and mobile devices. Especially HTML rich newsletters might cause major formatting issues. Therefore, all campaigns should be tested on major email providers and the most commonly used mobile devices, including those which block images and apply preview panes.

### **3. Building and Managing Database of Subscribers**

#### **3.1. Subscription Process**

An average consumer receives nowadays 44 emails daily and a median one (about half of all the consumers) 25. Out of those, 25% are permission-based commercial messages (12 and 6 emails per day respectively) and the remaining 75% are comprised of personal messages, transactional messages and spam.<sup>25</sup> Most consumers consider the size of their inboxes manageable, but 77% of subscribers also become more cautious about giving companies their email addresses.<sup>26</sup> Moreover, consumers get also increasingly sensitive to the difference between permission-based emails from trusted companies and unsolicited messages from the unknown ones. Today's marketers need to understand that online brand relationships, and especially email communication, are built on trust. Consumers became savvier about email marketing and their expectations towards highly targeted personalized messages increased. Email subscription processes need to be adjusted to meet the required relevancy. The core of any successful list growth strategy is incorporating the right subscribers to the right lists.

##### **3.1.1. Single and Double Opt-in**

The first step of creating a powerful email marketing program is leveraging permission-only tactics. That means soliciting recipient's approval before sending him any email. The contrary is opt-out, when consumers are mailed promotions without previous agreement and they need to solicit unsubscription. Opt-out marketing efforts might be easily perceived as spam, which are bulk messages missing any personalization.

Single opt-in only requires subscribers to take the initiative to register for email communication, whereas double opt-in demands also confirmation of this registration in the first message sent. The decision between single and double opt-in is a choice between the list size and quality. Double opt-in discourages some of the original subscribers, but this might be seen just as filtration of the most valuable and loyal customers. Confirmed email lists largely outperform the ones from single sign-up. Unique opens increase by 72% and total ones even by 76%. This means, that double opt-in not only gets more opens, but it also receives more

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<sup>25</sup> ExactTarget [online]. 2010 [cit. 2011-12-04]. Email X-Factors. Available at: [http://www.exacttarget.com/uploadedfiles/resources/SFF2\\_XFactor.pdf](http://www.exacttarget.com/uploadedfiles/resources/SFF2_XFactor.pdf)

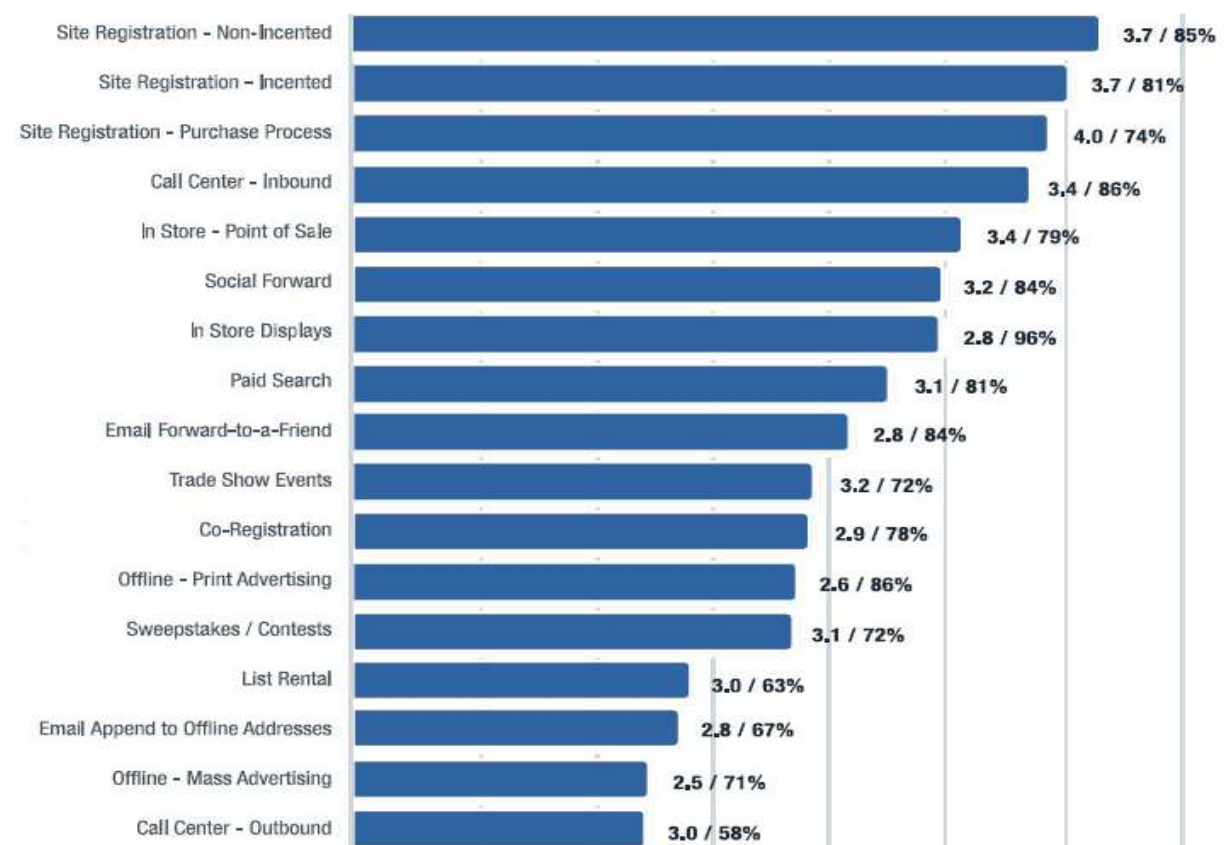
<sup>26</sup> ExactTarget [online]. 2010 [cit. 2011-12-04]. The Social Break-Up. Available at: <http://www.exacttarget.com/resources/SFF8.pdf>

multiple opens per subscriber. The statistics looks even better concerning the open rate, where double opt-in scores a 114% rise. Similarly optimistic results might be achieved by investigating the hard-bounces, soft-bounces and unsubscription rate. The numbers are lower by 48%, 25% and 7% respectively.<sup>27</sup> Moreover, double confirmation is definitively recommended for audiences anxious about privacy and spam.

### 3.1.2. Opt-in Tactics

Different growth strategies might be divided into passive and active. Passive gathering practices are those which, once implemented, keep working on their own without marketers taking any further actions. Active tactics involve hunting for prospective subscribers by means of one-shot or repeated campaigns. Strong list growth strategies call for implementation of passive, organic growth, which gives consumers opportunities to opt-in after any interaction with the company, even though it might bring results more slowly.

**Illustration 11 – Most Popular List Growth Tactics 2008**



Source: ExactTarget [online]. 2008 [cit. 2011-12-04]. 2009 Email List Growth Study. Available at: [http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ExactTarget\\_ListGrowth.pdf](http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ExactTarget_ListGrowth.pdf)

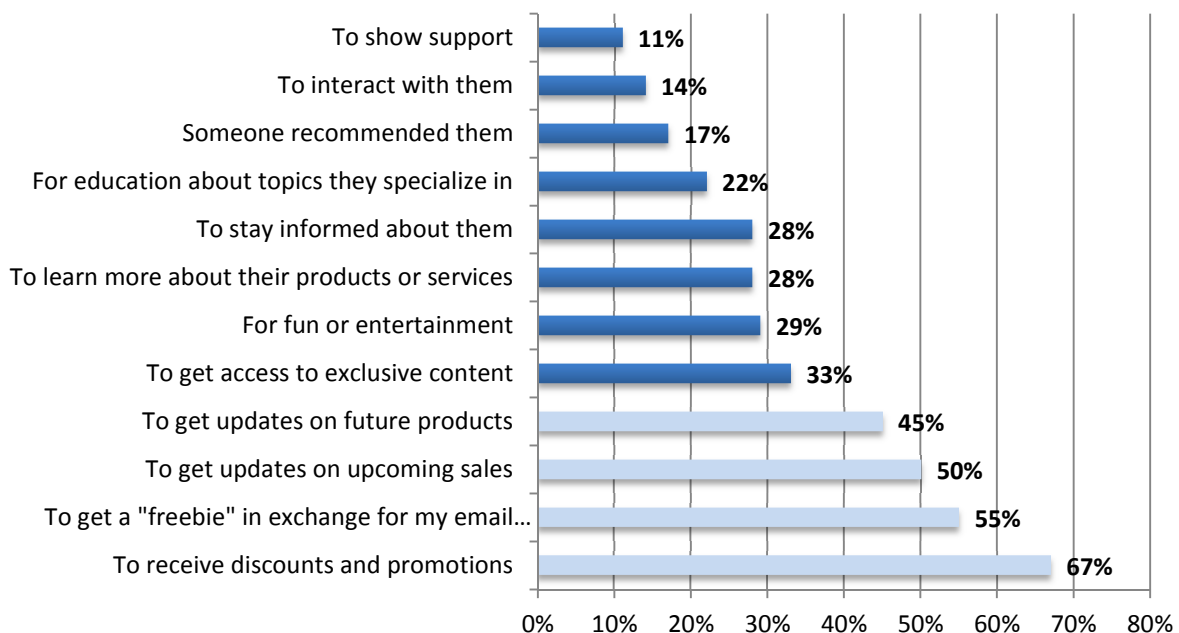
<sup>27</sup> MailChimp Blog [online]. 2011 [cit. 2011-12-04]. Double Opt-in vs. Single Opt-in Stats. Available at: <http://blog.mailchimp.com/double-opt-in-vs-single-opt-in-stats/>

The value of organic growth can also be demonstrated on the list of most popular growth tactics in Illustration 11, which shows the ranking for each of them based on average rating (the first number displayed) multiplied with continuity (the second number). Average rating reflects quantity, quality and ROI measures of particular activities on a scale of 1 to 5. Continuity represents the percentage of marketers who used this tactic in 2008 and planned to use it also in 2009.<sup>28</sup>

### 3.1.3. Information to be Gathered

The second step is meeting the individual wants and needs of subscribers. Subscribers are like members of an exclusive club and expect to receive recipients-only perks. 67% of people are willing to hand over their email address in case of being offered discounts and promotions, another 55% would do so in exchange for freebies. Early notifications on upcoming sales and future products represent an effective incentive for altogether 95% of consumers. And, lastly also 33% of people requiring access to exclusive content confirm the importance of premium features.<sup>29</sup>

**Illustration 12 – Motivations to Subscribe 2010**



Source: Author, according to ExactTarget [online]. 2010 [cit. 2011-12-04]. Email X-Factors. Available at:

[http://www.exacttarget.com/uploadedfiles/resources/SFF2\\_XFactor.pdf](http://www.exacttarget.com/uploadedfiles/resources/SFF2_XFactor.pdf)

<sup>28</sup> ExactTarget [online]. 2008 [cit. 2011-12-04]. 2009 Email List Growth Study. Available at:

[http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ExactTarget\\_ListGrowth.pdf](http://www.exacttarget.com/uploadedFiles/Resources/Whitepapers/ExactTarget_ListGrowth.pdf)

<sup>29</sup> ExactTarget [online]. 2010 [cit. 2011-12-04]. Email X-Factors. Available at:

[http://www.exacttarget.com/uploadedfiles/resources/SFF2\\_XFactor.pdf](http://www.exacttarget.com/uploadedfiles/resources/SFF2_XFactor.pdf)

These motivations differ from subscriber to subscriber and therefore it is important to either state clearly the value proposition of registering for a particular newsletter in order to prevent frustration or listen to the subscribers. What people expect in return for their email addresses might be found out as early as in the subscription process. The same applies for any information needed for the development of proper personalization strategy. In case that too long sign-up process is threatened by abandonment or deceit, further benefits for sharing personal information might be offered. Other alternatives include availability of preference forms for later access in private accounts and email survey in one of the newsletters.

#### **3.1.4. Privacy Policy**

When supplying an email address or any further information to a company, consumers are concerned about two issues – whether the data won't be shared and how difficult it might be to unsubscribe. Those questions should be answered in privacy policy, linked directly to the registration process or even each newsletter. Privacy policy is a disclosure indicating for example what happens with all the information collected, how is it stored and whether the company shares it with third parties.

A good idea is also affiliating with one of the privacy seal organizations. This might be considerable especially for SMEs, as the unfamiliarity with a brand might be balanced with well-known affiliate organization.

#### **3.1.5. Welcome Letters**

A welcome letter is an automatic email sent in the acknowledgment of a new subscription. The minimum standards of a single opt-in welcome letter include:

- A thank you note,
- Repetition of the value proposition and any preferences selected,
- Frequency of sending,
- An apology in case the message has been received by an error and instructions of what to do next,
- Explanation of the unsubscribe process.

Majority of those features remain the same also for double opt-in, except for the unsubscribe link. Instead, recipients should be very clearly explained that they need to confirm their registration if they want to be added to the database of subscribers.

Among the best case practices for welcome letters belong for example discount offers, forward-to-a-friend promotions, links to the best articles or a copy of the last newsletter. For companies with a wide range of products or services it is also considerable to launch an educational serie of welcome messages, whose primary goal is to make new subscribers familiar with the whole offer and thus increase their life-time value.

## **3.2. Managing Distribution and Subscribers' List**

### **3.2.1. In-house / Out-house Distribution**

Once email marketers collect enough subscribers, they face the question of how to manage the distribution of their newsletters. In fact, they can choose from one of the four existing options, ranging from relying completely on own resources on one hand and outsourcing on the other.

In-house Distribution - companies might purchase distribution software that they will host in their own data center and will tie it to the existing customer database and interlink it with the subscription and unsubscription process.

- ✓ Such a system might be easily integrated with a complex in-house database.
- ✓ In case of large subscribers' lists it can be cost-saving.
- ✓ Deliverability is not threatened by practices of other email marketers.
- ✗ Any technical problems have to be solved by own IT department, which might not have time or sufficient expertise.
- ✗ The timely delivery of newsletters might be unreliable.

Internet Service Providers' (ISPs) and Web Hosts' Tools – some internet access providers and web hosting services provide as one of their additional services also mailing list hosting and delivery of campaigns.

- ✓ There might be no extra charges or fees starting only at certain size of the mailing list, which is also convenient for testing the efficiency of email marketing without committing many resources.
- ✓ Own server is not loaded.
- ✗ Customization, technical support and assistance in withdrawing the list back can be very limited.
- ✗ Own campaigns are affected by hosting problems and spam practices of others.

Free Mailing Services – allow launching campaigns in exchange for placement of their own advertisements.

- ✓ No fees, no need to charge own server.
- ✗ Possibly cheap, unprofessional look.
- ✗ No control over the ads, which might be even from the same area of business.
- ✗ Policies of those services might change frequently, making it also difficult to manage privacy declaration for the subscribers.

Commercial Email Service Providers (ESPs) – application vendors offering distribution of text and HTML emails with full range of services and customizable features. Fees commonly include set-up payments and monthly charges depending on the list size.

- ✓ Convenient solution including expert and technical support.
- ✓ Established relations with major internet service providers and other email providers such as AOL, Outlook and Yahoo.
- ✓ Usually care about deliverability and accept only opt-in lists.
- ✗ Might be too expensive for small databases.

### **3.2.2. Bounce Rate**

A bounce rate represents a percentage of recipients, who did not get a particular newsletter. It basically reports the number of emails sent subtracting the number that returned. Out of that, we can distinguish hard bounces, which are permanently non-deliverable emails and soft-bounces, which have to do with temporary placement problems, such as full inbox. The bounce rate has scored 3,5% on the average for the third quarter of 2011, showing a long-term improvement from 6,5% in Q3 of 2009 and 3,9% in Q3 of 2010.<sup>30</sup>

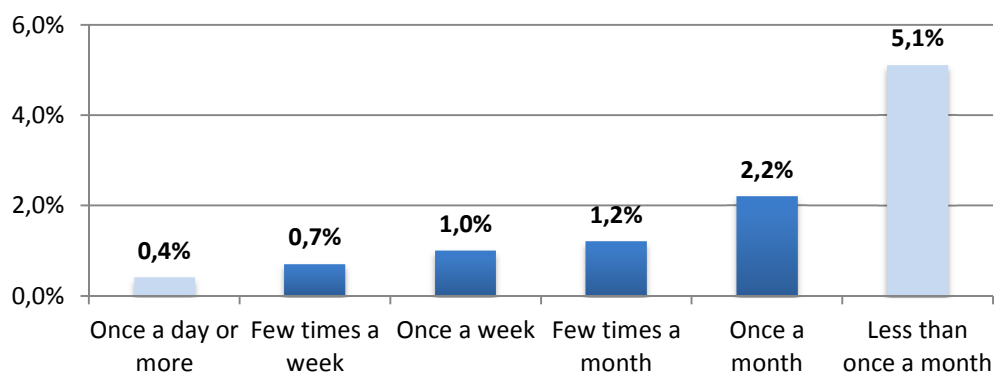
The bounce rate is directly connected with the method of collecting and managing subscriber's lists. Therefore, industries such as large businesses, wholesale, real-estate and consulting, which either tend to compile large volumes of email addresses or focus on B2B markets, face higher bounce rates due to misspellings, purposely incorrect email addresses and abandoned inboxes. On the other side, the lowest bounce rates experience industries, which maintain well-targeted and monitored lists, such as consumer, transportation, banking and entertainment.

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<sup>30</sup> Epsilon [online]. 2011 [cit. 2011-12-11]. Q3 2011 Email Trends and Benchmarks. Available at: <http://www.epsilon.com/download/q3-2011-north-america-email-trend-results-open-rates-increase-over-previous-quarter>

The number of non-delivered emails also depends on the frequency of sending. Newsletters distributed less than once a month, tend to return in 5,1% of the cases. Conversely, emails sent more frequently, such as once a day or more, miss the delivery only in 0,4% of the instances.<sup>31</sup>

**Illustration 13 – Bounce Rate by Mailing Frequency 2011**



Source: Author, according to MailerMailer [online]. 2011 [cit. 2011-12-11]. Bounce Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/bounce-rates.rwpc>

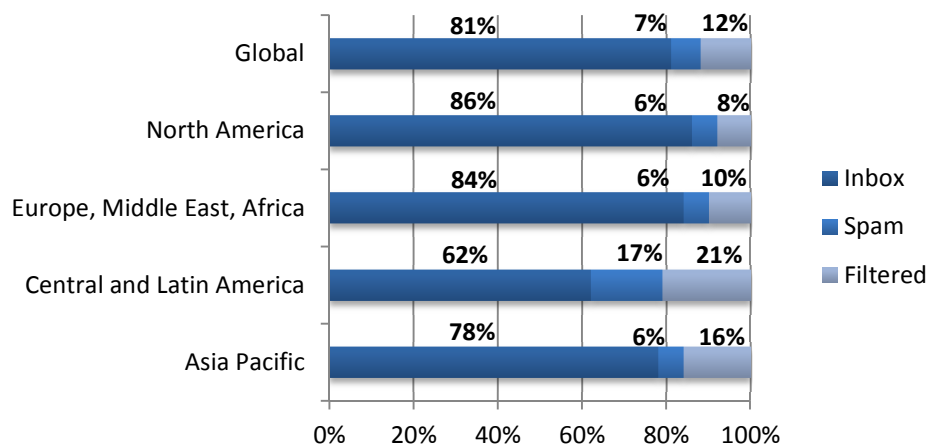
Alternatively, the bounce rate is also used for analyzing web traffic and landing optimization. The bounce rate for a single page is the number of visitors who enter it and leave within a specified timeout period without viewing another page, divided by the total number of visitors who entered the site at that page. The bounce rate for a whole web site can be expressed as the number of web site visitors who visit only a single page per session divided by the total number of web site visits. There is no recommended industry standard, as the number of bounces is highly influenced by the timeout period and websites objectives. High bounce rate might be viewed as positive for websites, whose goal is satisfying visitors (answering their questions, solving their problems, or giving them all information needed) within one page. To identify those, one can use the average time on a page statistics, which might indicate the content quality and relevance.

### **3.2.3. Deliverability Rate**

In order to know, how many newsletters have reached the inbox, how many have been filtered to spam and how many have been blocked by the email service provider, it is necessary to investigate the deliverability or inbox placement rate.

<sup>31</sup> MailerMailer [online]. 2011 [cit. 2011-12-11]. Bounce Rates. Available at: <http://www.mailermailer.com/resources/metrics/2011/bounce-rates.rwpc>

#### **Illustration 14 – Deliverability Rate by Regions 2011**



Source: Author, according to ReturnPath [online]. 2011 [cit. 2011-12-11]. The Global Email Deliverability Benchmark Report, 1H 2011. Available at: <http://www.returnpath.net/landing/globaldeliverability1h11/>

Nowadays, 81% of permission-based emails make it to the inboxes, 7% go to the junk folders and 12% are filtered out. These numbers also differ by regions, with North America being the most successful in inbox placement and Central and Latin America the worst.<sup>32</sup>

#### **3.2.4. Legal and Professional Standards Applying to Commercial Emails**

There are three authoritative benchmarks to determine whether an email is regarded as a spam. These include legal standards, as outlined in the CAN-SPAM Act or the Directive on Privacy and Electronic Communications and professional standards given by consumer advocates, email marketing industry and consumer preferences.

##### **Legal Standards**

In the United States, spam is restricted by the CAN-SPAM Act (Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003) applicable to any electronic mail message, whose primary purpose is the commercial advertisement or promotion of a commercial product or service. Transactional or relationship emails are excluded from the restriction, but the rest falls under the monitoring of Federal Trade Commission and possible prosecution from the Department of Justice. The CAN-SPAM Act declares four broad principles of conduct:

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<sup>32</sup> ReturnPath [online]. 2011 [cit. 2011-12-11]. The Global Email Deliverability Benchmark Report, 1H 2011. Available at: <http://www.returnpath.net/landing/globaldeliverability1h11/>

- Recipients must give an affirmative consent before receiving any commercial e-mail.
- A right to decline receiving further commercial messages must be available.
- Emails may not be deceptive concerning their origin or content, their commercial nature must be obvious and clear.
- Senders must use approved methods to obtain recipients' e-mail addresses.<sup>33</sup>

The anti-spam laws enacted by the European Union are given by the E-Privacy Directive (Directive 2002/58 on Privacy and Electronic Communications), according to which all member states are obliged to ensure that unsolicited email communication is prohibited. Companies are allowed to send mails only with prior agreement of recipients, to already existing customers or in case that the offer is related to similar products and services.<sup>34</sup>

Based on those minimum standards, each EU country might decide upon their own regulations and sanctions. The Spanish legal system is directed by the Act of 28th December 2007 on Measures to Promote the Information Society, which prohibits all commercial messages that have not been solicited or expressly authorized by the addressees. It also details the information to be contained, as for example the annotation “advertising” and clearly expressed rules for access and participation in any promotional offer with discounts, prizes or gifts. Moreover, the protection of consumers against spam is enforced also by the General Advertising Act of 11th November 2008, which describes as non-legitimate the following practices - advertising that is in contra the Spanish Constitution; deceptive advertising; unfair advertising, which leads to confusion with competitors' companies, brands or distinctive signs; and any advertising that is against good faith and commercial customs.<sup>35</sup>

According to the advertising principles of “source control” and “mutual recognition”, senders generally need to comply with the regulations of the country from where the unsolicited advertising message is being sent. This leads to proliferation of spam in countries with weak sanctions and the need of international cooperation. The collection of legal and technical details on limitations of unsolicited commercial communications and their international exchange is carried out for example by the Stop Spam Alliance.

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<sup>33</sup> Federal Trade Commission [online]. 2003 [cit. 2012-02-28]. PUBLIC LAW 108-187--DEC. 16, 2003. Available at: <http://www.ftc.gov/os/caselist/0723041/canspam.pdf>

<sup>34</sup> EURLex [online]. 2002 [cit. 2012-02-28]. Directive 2002/58/EC of the European Parliament and of the Council. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0058:EN:HTML>

<sup>35</sup> ZURILLA-CARIÑANA, Á; JIMÉNEZ, Mondéjar J; JIMÉNEZ, Mondéjar J. A. [online]. 2008 [cit. 2012-02-28]. Electronic Commerce and Legal Protection for Consumers in Spain. Available at: [http://works.bepress.com/cgi/viewcontent.cgi?article=1000&context=juan\\_antonio\\_mondejar\\_jimenez](http://works.bepress.com/cgi/viewcontent.cgi?article=1000&context=juan_antonio_mondejar_jimenez)

## **Professional Standards**

As 83% of delivery issues are caused by the sender reputation, trustworthy email servers go beyond legal standards and help marketers to adhere to further policies.<sup>36</sup> Most of all, they authenticate senders, so that email servers would identify them, they also strive to keep email servers white-listed, while requiring strict permission policies, and they prevent marketers from sending repeated emails to unknown or non-existent addresses by means of moving such addresses to quarantine. Moreover, they provide tools to test the content of particular messages against the spam filters of all major internet service providers.

### **3.2.5. List Hygiene**

Deliverability issues make companies experience high opportunity costs. Therefore, they should care about proper and timely list hygiene. The obvious part of this is the prevention from collecting any spam traps and problematic or invalid email addresses. Spam traps are email addresses created and published in a way, that only spammers can find them through an automated email address harvester. All messages coming to such hidden email addresses are unsolicited and therefore regarded as spam. The sender is thus reported to the Internet service provider for email abuse. Spam traps as well as problematic email addresses can be prevented by the use of double opt-in. Alternatively, invalid email addresses might be discovered thanks to real-time email address correction technologies implemented to the web sites.

The less obvious part of the list hygiene is the need for re-engaging and re-permissioning. Some of the Internet service providers pay attention to whether their users respond to commercial email or not. Highly frequently send messages, which get disproportionately low response, can lead to bad reputation with all the messages going to spam or being blocked outright.

### **3.2.6. Unsubscribe Process**

To compete efficiently against the “report spam” button, it is also important to design appropriately the opt-out process and give subscribers options, which Internet service providers can’t offer them. The most common reasons for unsubscription are the lack of

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<sup>36</sup> *ReturnPath* [online]. 2011 [cit. 2011-12-11]. Reputation Monitor. Available at: [http://www.returnpath.net/downloads/factsheets/returnpath\\_reputationmonitor.pdf](http://www.returnpath.net/downloads/factsheets/returnpath_reputationmonitor.pdf)

relevance and too frequent distribution. These can be tackled with a smart presentation of multiple email management possibilities. The most frequent ones are preference centers, “change email frequency” and “update email address” links.

The opt-out option should always be presented as a text link or at least as combination of a text link and an image for those, who have images blocked by default. Concerning the position of the link, the industry standard is placement at the bottom of emails. This might be accompanied by one more link in the header, used in order to reduce spam complaints or for example accelerate the response in win-back emails.

A rule of thumb for opt-out techniques is the easier, the better. These days, the majority of companies offer their subscribers only unsubscribe link, neglecting other possibilities, which might suit them better. Only about 13% of retailers use the “reply or forward email” option, another 4% propose calling the customer service and 3% mailing a letter to the company. As for the number of clicks needed, recommendable would be a single click, but two and three click options largely prevail.<sup>37</sup> This indicates that companies don’t like the limitations of one-click unsubscription and rather allow people to change their preferences or share their opinion about why they became uninterested. Nevertheless, marketers can apply single clicks and still enjoy consumer insights, by using a confirmation page with survey to understand the reasons for unsubscribing. Additionally, it is worth considering promoting alternative communication channels for outgoing subscribers, such as RSS feed, direct mail, social media accounts or desktop applications.

### **3.3. Measurement of Results**

For optimization of the email distribution and list management, it is essential to embrace a set of long-term, success-oriented metrics that quantify the ultimate value of email programs. Marketers often rely only on specific mailing performance, as proved by:

- 71% who measure the success of their email programs by click-through rate (CTR, expressed as the number of unique clicks divided by the number of delivered messages);
- 61% who trust open rate (counted as the total amount of messages opened divided by the number of emails delivered to the server);

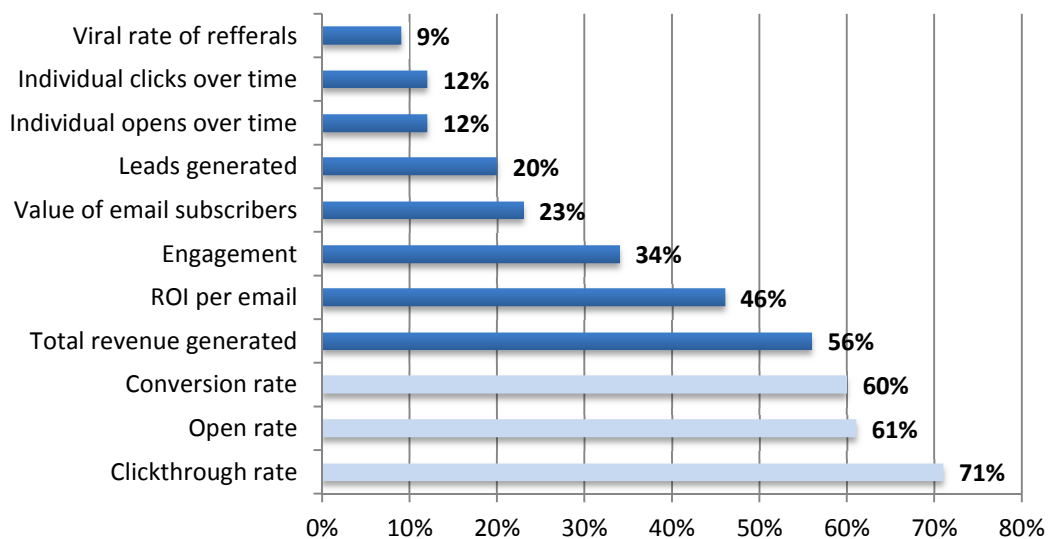
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<sup>37</sup> Responsys [online]. 2010 [cit. 2011-12-11]. Retail Email Unsubscribe Benchmark Study. Available at: [http://www.responsys.com/resources/download\\_request.php](http://www.responsys.com/resources/download_request.php)

- 60% who depend on conversion rate (found as the number of goal achievements divided by the number of email campaign visits, for goals one can consider ecommerce sales orders, the number of leads received, downloads of a product, sign ups for trials, donations, new accounts opened etc).<sup>38</sup>

Nevertheless, these metrics are only episodic pictures of mailing health, not providing details of the overall business value.

#### **Illustration 15 – Most Frequently Used Email Measurements 2009**



Source: Author, according to Forrester Research [online]. 2009 [cit. 2011-12-17]. Getting Email Marketing Measurement Right. Available at: <http://www.opplink.com/download/Forrester-Getting%20Email%20Mktg%20Measurement%20Right.pdf>

Email marketers should therefore first define in which ways their email marketing programs contribute to revenues of the company and based on those success metrics apply subscriber, social, engagement and branding valuations. Email subscriber valuation serves for estimating the potential of every single recipient and serves for further segmentation. It might be as complicated as using a recency, frequency and monetary scoring system or as simple as comparing the costs and revenues of each single campaign. The social valuation should be run because of benchmarking the social contribution of the email program to the other organic social tactics. Among key metrics that marketers should enlist belong social-share click-through rate, sharing view rate (% of shared messages that were viewed by others), social contributor rate (% of email subscribers that create or share content), and shared message life.

<sup>38</sup> Forrester Research [online]. 2009 [cit. 2011-12-17]. Getting Email Marketing Measurement Right. Available at: <http://www.opplink.com/download/Forrester-Getting%20Email%20Mktg%20Measurement%20Right.pdf>

The engagement valuation depends on the previously specified success metrics. It can range from recency and frequency of click-throughs and spendings to participation in product reviews and social sharing behavior or for example customer support interaction. Branding valuation is usually derived from metrics such as open rate, nevertheless due to the issue of dysfunctional tracking pixels in the case of blocked images, new measures, such as render rate should be implemented as well.

## **4. Analysis of Email Marketing Practices of FloraQueen**

### **4.1. Methodology**

In order to analyze the efficiency of email marketing practices on a concrete example, the company FloraQueen from the industry of international market deliveries was picked up. To evaluate which marketing efforts work the best, key performance metrics were compared against newly implemented changes and A/B tests, web site analytics were studied and external benchmarks introduced.

The internal analysis of FloraQueen email marketing practices consists of comparison of its traditional program and newly implemented changes in creative and content. The efficiency of the email templates was studied over the period 4.7.2011-2.10.2011 across a selection of the most frequently used variables in email marketing – open, click-through, conversion, complaint and unsubscribe rates. A total of 156 promotional emails in 6 different languages were sent via EmailVision Campaign Commander and the results of those were extracted from the same tool and web analytics. Aggregates per metrics and months and also language mutations and weeks were created in order to see the trends before and after the implementation of any changes. Whether these modifications had real impact in terms of money generated was studied also via Google Analytics. The average value spent, e-commerce conversion rate, per visit value, bounce rate and average visit duration were chosen to represent the online shopping behavior of FloraQueen subscribers. To discover further the preferences of those consumers, a series of A/B tests focused on the time of sending, amount of discount offered and content part such as subject and buttons was run. Based on all the results given from EmailVision, Google Analytics and A/B testing, there was created a solid base to evaluate what are the further steps necessary to take FloraQueen email marketing program to its next level.

To expand the internal analysis of FloraQueen, also external benchmarks were established. Based on Alexa ranking, 30 largest companies operating on English, German, French, Italian, Polish and Spanish online flower markets were selected (for further details see Table 1 below, which contains the global Alexa rank and percentages of visitors according to countries of origin). Out of those, there were identified 23 firms, which were offering a newsletter subscription to its customers. The various subscription processes were studied and best case practices identified. The final analysis of email marketing practices within the

industry was performed over a sample of 17 companies, which sent at least one newsletter during the studied period 4.7.2011-2.10.2011 (marked with “x” in the column “Newsletter” in Table 1). A total of 292 emails were evaluated on the following features – times of sending, frequencies, subjects, contents, calls to action, creatives and unsubscribe links.

**Table 1 – Overview of Analyzed Companies from the Online Flower Delivery Market**

	<b>Global Rank</b>	<b>USA</b>	<b>UK</b>	<b>ES</b>	<b>FR</b>	<b>DE</b>	<b>IT</b>	<b>Newsletter</b>
<a href="http://www.proflowers.com">www.proflowers.com</a>	6401	61,4%						x
<a href="http://www.1800flowers.com">www.1800flowers.com</a>	8584	67,3%	1,4%		0,8%	0,6%		x
<a href="http://www.ftd.com">www.ftd.com</a>	9943	79,0%	1,0%			0,6%		
<a href="http://www.teleflora.com">www.teleflora.com</a>	24799	66,5%	2,5%					x
<a href="http://www.interflora.co.uk">www.interflora.co.uk</a>	33310	3,4%	71,4%	1,3%	2,5%	0,8%		x
<a href="http://www.florajet.com">www.florajet.com</a>	42773		2,0%		85,7%			
<a href="http://www.blume2000.de">www.blume2000.de</a>	49196		2,0%			84,1%		x
<a href="http://www.fromyouflowers.com">www.fromyouflowers.com</a>	60199	66,9%						x
<a href="http://www.floraqueen.com">www.floraqueen.com</a>	61103	8,7%	8,2%	28,4%	4,4%	28,4%		x
<a href="http://www.readyflowers.com.au">www.readyflowers.com.au</a>	71723	90,0%						x
<a href="http://www.floraprima.de">www.floraprima.de</a>	86409					82,4%		
<a href="http://www.flora2000.com">www.flora2000.com</a>	89384							x
<a href="http://www.serenataflowers.com">www.serenataflowers.com</a>	119046	15,1%	39,5%					
<a href="http://www.pickupflowers.com">www.pickupflowers.com</a>	142850	13,1%	2,6%					x
<a href="http://www.arenaflowers.com">www.arenaflowers.com</a>	160189	11,2%	39,8%					x
<a href="http://www.efiori.com">www.efiori.com</a>	185688						93,7%	
<a href="http://www.iflorist.co.uk">www.iflorist.co.uk</a>	211355	9,5%	38,7%					
<a href="http://www.bunches.co.uk">www.bunches.co.uk</a>	253430		55,9%					
<a href="http://www.euroflorist.de">www.euroflorist.de</a>	254970					70,5%		
<a href="http://www.interflora.es">www.interflora.es</a>	272620			85,2%				x
<a href="http://www.eflorist.co.uk">www.eflorist.co.uk</a>	328891	10,5%	51,6%					
<a href="http://www.foliflora.com">www.foliflora.com</a>	435594				88,0%			
<a href="http://www.jollyflowers.de">www.jollyflowers.de</a>	472314					53,8%		
<a href="http://www.aquarelle.es">www.aquarelle.es</a>	491820			72,0%				x
<a href="http://www.italianflora.it">www.italianflora.it</a>	619715						92,2%	
<a href="http://www.regalarflores.net">www.regalarflores.net</a>	683111			86,2%				
<a href="http://www.flordirect.com">www.flordirect.com</a>	800056							x
<a href="http://www.theflowerexpert.com">www.theflowerexpert.com</a>	122989	32,6%	7,4%					x
<a href="http://www.flowersdirect.co.uk">www.flowersdirect.co.uk</a>	266608	7,5%	61,2%					x
<a href="http://flowershopnetwork.com">flowershopnetwork.com</a>	239239	72,8%						x

Source: Author, according to Alexa [online]. 2012 [cit. 2012-04-20]. Site Info, Traffic Stats, Audience. Available at: <http://www.alexa.com/>

## 4.2. Introduction of the Company

FloraQueen is an online flower shop with headquarters in Spain established in 2002. Currently it accounts for about 25 employees and operates in more than 90 countries over the world. FloraQueen generates revenues from 7 web portals – English [www.floraqueen.com](http://www.floraqueen.com), German [blumen.floraqueen.com](http://blumen.floraqueen.com), Spanish [flores.floraqueen.com](http://flores.floraqueen.com), Italian [www.floraqueen.it](http://www.floraqueen.it), French [fleurs.floraqueen.com](http://fleurs.floraqueen.com), Polish [www.floraqueen.pl](http://www.floraqueen.pl) and Austrian [www.floraqueen.at](http://www.floraqueen.at).

### 4.2.1. FloraQueen Within the Context of Floriculture Industry

The majority of FloraQueen customers come from Anglo-Saxon countries, such as United States, United Kingdom, Canada and Australia, but the different language versions of its portals attract also clients from Spain, France or for example Germany.<sup>39</sup>

**Table 2 – FloraQueen Revenues Generated by Countries 2011**

Country / Territory	Visits	Revenue	Transactions	Average Value	E-commerce Conversion Rate	Per Visit Value
USA	243561	1.171.960 €	17836	65,71 €	7,32%	4,81 €
UK	201044	986.054 €	16049	61,44 €	7,98%	4,90 €
Spain	1336842	716.079 €	12467	57,44 €	0,93%	0,54 €
France	1633398	565.303 €	9219	61,32 €	0,56%	0,35 €
Germany	177315	352.784 €	7801	45,22 €	4,40%	1,99 €
Canada	49526	245.197 €	3833	63,97 €	7,74%	4,95 €
Australia	37374	233.278 €	3526	66,16 €	9,43%	6,24 €
Italy	247867	213.951 €	3685	58,06 €	1,49%	0,86 €
Poland	210472	179.830 €	4483	40,11 €	2,13%	0,85 €
Switzerland	45855	158.400 €	2465	64,26 €	5,38%	3,45 €

Source: Author, according to Google Analytics [online]. 2012 [cit. 2012-03-03]. E-commerce Per Country/Territory for Period 1.1.2011 – 31.12.2011. Available at: <https://www.google.com/analytics/>

Looking at the development of the online flower industry in the USA in the recent years, it has captured a significant market share from brick and mortar florists, but it has been also adversely affected by the economic downturn. Weak consumer confidence and low disposable income deterred consumers from making discretionary purchases such as flowers, resulting in consecutive revenue declines from 2008 through 2010 reaching as much as 17,3%

<sup>39</sup> Author, according to Google Analytics [online]. 2011 [cit. 2012-03-03]. E-commerce Per Country/Territory for Period 1.1.2011 – 31.12.2011. Available at: <https://www.google.com/analytics/>

during the peak of the economic recession. Thanks to the sluggish recovery, revenues in 2011 experienced a positive growth of 2,9% and the forecasts for 2012 count with additional 3,5%. Revenue growth in this industry is driven especially by the increasing prevalence of online consumer shopping and also the business model adopted by many of the players consisting of gathering orders online and passing them on to local retail florists for a fee. Concentration of online flower shops has risen over the last five years at an average annual rate of 1,2% to 3574 in 2012 mainly due to fierce competition with grocery stores and mass merchandisers. Out of those, majority tends to be of small size, serving only one city or a local region, but significant market share is controlled by the four top international players - 1-800-flowers.com Inc., Florists' Transworld Delivery Inc., Provide Commerce Inc. and Teleflora LLC.<sup>40</sup>

The largest product segment in this industry is represented by arranged cut flowers, accounting for an estimated 63,5% of revenue in 2012.<sup>41</sup> Among other merchandised products belong floral arrangements, plants, special occasion gifts, bath and beauty products, jewelry, wine, fruit and other gift baskets, chocolates, and stuffed animals.

#### **4.2.2. Overview of FloraQueen Strengths and Weaknesses**

When analyzing FloraQueen specific competitive advantages, it is important to highlight especially its internationality, given the number of languages in which it operates, its established network of florists and global workforce. As for the weaknesses of the company, its operational incomes are affected especially by the seasonality character of orders. The satisfaction of customers is threatened around the most popular gift holidays, which include Valentine's Day, Easter, Mother's Day, Thanksgiving, and Christmas, when the company becomes unable to handle peak orders. At the same time, it regularly faces overstaffing, particularly in the third quarter of the year, as this does not contain any of those floral days. Important issue to be faced is also the difficulty of sustaining a high level of quality, as third party florists work independently without any control systems. One of the favorable opportunities in this industry is the advancement of e-commerce, triggered also by the growing internet coverage and mobile shopping. Among threats counts the highly competitive environment, in which FloraQueen competes first with traditional florists and gift

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<sup>40</sup> *PRWeb* [online]. 2012 [cit. 2012-03-02]. Online Flower Shops in the US Industry Market Research Report Now Available from IBISWorld. Available at: <http://www.prweb.com/releases/2012/2/prweb9217389.htm>

<sup>41</sup> IBISWorld [online]. 2012 [cit. 2012-03-02]. Florists in the US: Market Research Report. Available at: <http://www.ibisworld.com/industry/default.aspx?indid=1096>

retailers and secondly with floral and specialty gift direct marketers, including online shops, toll-free phone operators and catalogues.

**Table 3 – FloraQueen Strengths, Weaknesses, Opportunities and Threats**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Low working capital requirements</li> <li>• Large network of florists around the world, with exclusive relationships in Spain and France</li> <li>• Web pages and customer service operational in 6 languages</li> <li>• Strong database of newsletter subscribers</li> <li>• Decreased costs due to outsourcing of some activities to Poland and India</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonality of operating results</li> <li>• Inability to accommodate growth in peak seasons</li> <li>• Dependency on strategic relationships to promote the website</li> <li>• No quality management of third parties who deliver goods and services</li> <li>• Dependency on computer systems (website, intranet, phone lines, email marketing software)</li> <li>• Relatively high price</li> <li>• Limited portfolio of products</li> <li>• Non-competitive web design, functionality and loading time</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Low cost growers from emerging countries</li> <li>• Technological advancements</li> <li>• Increasing standards of living</li> <li>• Higher mobility of people</li> <li>• Growing internet coverage</li> <li>• Developing e-commerce</li> <li>• Mobile internet and shopping</li> <li>• Comparative shopping</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Few barriers to entry</li> <li>• Fierce competition</li> <li>• Fragmented industry</li> <li>• Loss of florist members</li> <li>• International trade barriers</li> <li>• Exposure to foreign exchange rate risk</li> <li>• Strict privacy and data protection laws (with adverse effects on marketing efforts)</li> <li>• Security breaches</li> <li>• Fraudulent credit and debit card transactions</li> <li>• Declining economic business cycle</li> <li>• Availability and price of flowers</li> <li>• Change in consumer preferences</li> </ul>

Source: Author's analysis.

## 4.3. FloraQueen Email Marketing Strategy

### 4.3.1. Goals

Despite of the potential benefits of engaging with customers across all the 5 phases of the customer life cycle, FloraQueen nurtures its clients only in the acquisition, conversion and growth period. Acquisition is accomplished by the means of FloraQueen web page, purchase process, forwarded email promotions and Facebook page.

#### Illustration 16 – FloraQueen Acquisition Tactics

**Testimonial:** "Thank you for contacting me, you are the best customer service department I've ever had the opportunity to work with" Robert, 16 November 2011

**Subscription Prompt:** Start receiving offers now! SUBSCRIBE

**Registration Form:**

- \* Country: Choose country
- \* E-mail:
- \* Phone/Mobile:
- Other phone number:

☒ Do you want to receive our newsletter full of promotions?

Customer service may need to directly contact you during or after the buying process, we recommend that you will enter a phone number where you can be easily reached.

**Facebook Post:** FloraQueen: International Flower Delivery. Signup for e-mail only specials. Sign up for the NEWSLETTER today and become one of the privileged to have our EMAIL-ONLY SPECIALS.

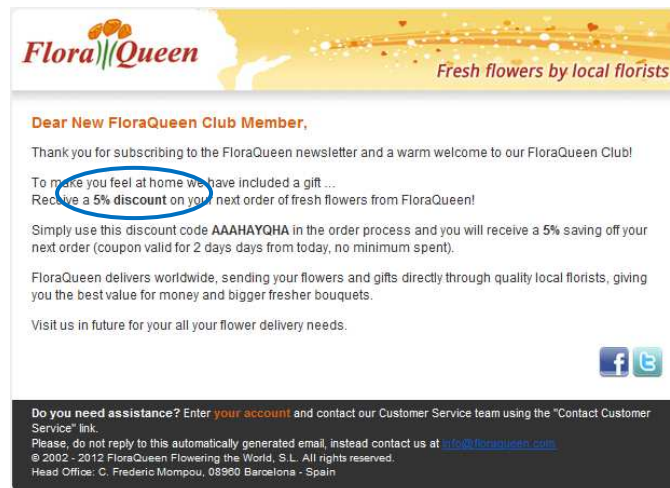
**Website Promotion:** Reward their commitment, effort and achievements! Save 10% with code LABOUR10 on any of our products! CELEBRATE LABOUR DAY!

Source: FloraQueen [online]. 2012 [cit. 2012-05-02]. Homepage, Purchasing Process. Available at: <http://www.floraqueen.com/>. Facebook [online]. 2012 [cit. 2012-05-02]. FloraQueen: International Flower Delivery Signup for e-mail only specials. Available at: [https://www.facebook.com/floraqueen?sk=app\\_111895501427](https://www.facebook.com/floraqueen?sk=app_111895501427). FloraQueen [internal materials]. 2011 [cit. 2012-05-02]. Biweekly Newsletter.

Main focus is directed to the conversion phase, as the company seeks rather immediate sales than long-term relationships. Conversions are promoted from the very first interaction with the online shop by sending a welcome email with 5% discount to all newsletter subscribers. This is followed by biweekly promotional newsletters with special prices on particular products or the whole assortment. Furthermore, promotional messages are attached

also to transactional emails distributed upon request for a new password to online account, order confirmation, delivery and cancellation messages. Comparing the efficiency of biweekly campaigns with clear selling mission and transactional messages, one can see a clear gap between those two strategies. 89% of FloraQueen revenues are generated by promotional messages, whereas only 11% by transactional.<sup>42</sup>

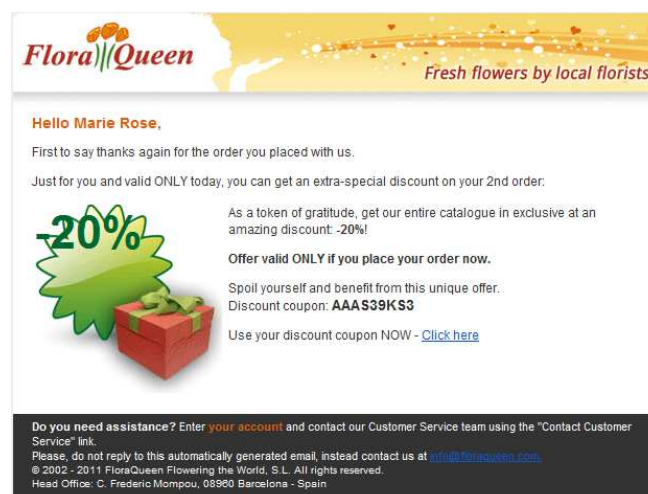
### **Illustration 17 – FloraQueen Conversion Tactics**



Source: FloraQueen [internal materials]. 2011 [cit. 2012-05-02]. Triggered Transactional Message to Newsletter Subscribers.

As for the growth practices used, FloraQueen distributes triggered messages with 20% discount coupons for the second purchase. These are aimed on immediate cross-selling as the validity of the coupon is only two days.

### **Illustration 18 – FloraQueen Growth Tactics**



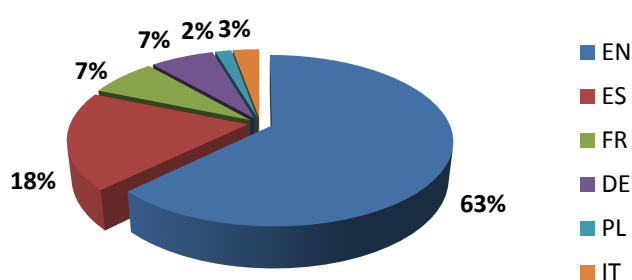
Source: FloraQueen [internal materials]. 2011 [cit. 2012-05-02]. Triggered Transactional Message to Purchasers.

<sup>42</sup> Author, according to Google Analytics [online]. 2011 [cit. 2012-03-03]. E-commerce by Sources of Traffic 1.1.2011 – 31.12.2011. Available at: <https://www.google.com/analytics/>

### 4.3.2. Audience

At the end of 2011, FloraQueen was serving 236 232 subscribers with an average annual list growth rate of 0,12%. As the company runs its online shop in different language versions, the fundamental segmentation done both for the biweekly campaigns and the triggered messages is according to the language used. Prevailing number of subscribers opts in for English (63%), followed by Spanish (18%), French (7%) and German (7%), which correlates also with the proportional distribution of revenues.<sup>43</sup>

**Illustration 19 – FloraQueen Subscribers’ Segmentation According to Language**



Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Member List Analysis, 2011 End Year Segmentation. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

Apart from the language segmentation, the company currently uses also segmentation according to performance metrics, specifically open results and revenues generated. In the biweekly promotional campaigns, the first message is sent to the whole database of subscribers, but the second is distributed only to those, who did not open the previous one. The body of such email remains the same, but the subject is changed in order to call the attention of the recipient and create a feeling of urgency. To generally well performing part of the database – EN, ES, FR, DE subscribers, discount of 10% is offered and to the worse profiting part – IT, PL 15% is given away.

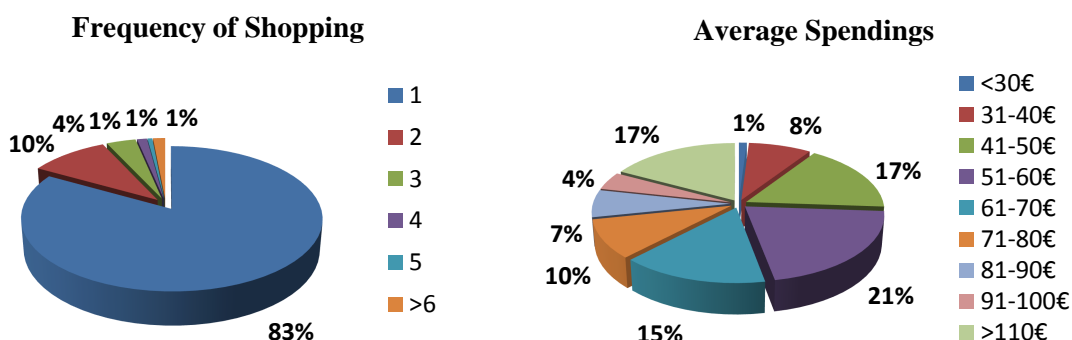
By analyzing FloraQueen audience further, one can identify more dimensions, which might be used to trigger revenues from targeted messaging. The company is constantly neglecting the power of segmentation according to subscribers’ purchasing habits and usage occasions. When looking at the frequency of sales, it is obvious, that largely prevailing 83% of subscribers are one shot buyers, who realize only single orders. Concerning repeated

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<sup>43</sup> Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Member List Analysis, 2011 End Year Segmentation. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

purchases, 10% of customers returns for the second time and 4% even for the third. Given the price level of products, average amount spent ranges around 51-60 EUR.<sup>44</sup>

#### **Illustration 20 – Segmentation of FloraQueen Customers**



Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Member List Analysis, 1.1.2011-31.12.2011 Segmentation. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

According to the floral trends consumer study carried out by the Ipsos research agency in the USA, majority of fresh flowers individual purchases is made by women (65%) seeking for a gift for somebody else than themselves (67%). 14% of all purchases for outdoor bedding/garden plants, fresh flowers and houseplants is designated for calendar occasions, among the most popular belong Christmas/Hanukkah (30%), Mother's Day (24%), Valentine's Day (20%), Easter/Passover (13%) and Thanksgiving (6%). In the other 86% of occasions, they shop for no particular reason (50%), home decoration (13%), birthday (5%), sympathy/memorial (5%), anniversary/love (3%) and get well (2%).<sup>45</sup> Studying further the in-page analytics of FloraQueen, one can see that the most favorite categories uniquely for fresh flowers are birthday, funeral, seasonal flowers, love and new baby.<sup>46</sup>

#### **4.3.3. Budget**

Costs accrued due to the existing emailing program are associated with fees for externally run software for database management of newsletter subscribers and distribution of biweekly campaigns, as well as financing of in-house built database of purchasers and sending of automatic transactional messages. Additionally, one needs to count also with

<sup>44</sup> Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Member List Analysis, 1.1.2011-31.12.2011 Segmentation. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

<sup>45</sup> Aboutflowers [online]. 2005 [cit. 2012-03-02]. Consumer Trends on Buying Flowers. Available at: <http://www.aboutflowers.com/about-the-flower-industry/consumer-trends.html>

<sup>46</sup> Author, according to Google Analytics [online]. 2012 [cit. 2012-03-03]. In-page Analytics by Revenues for www.floraqueen.com. Available at: <https://www.google.com/analytics/>

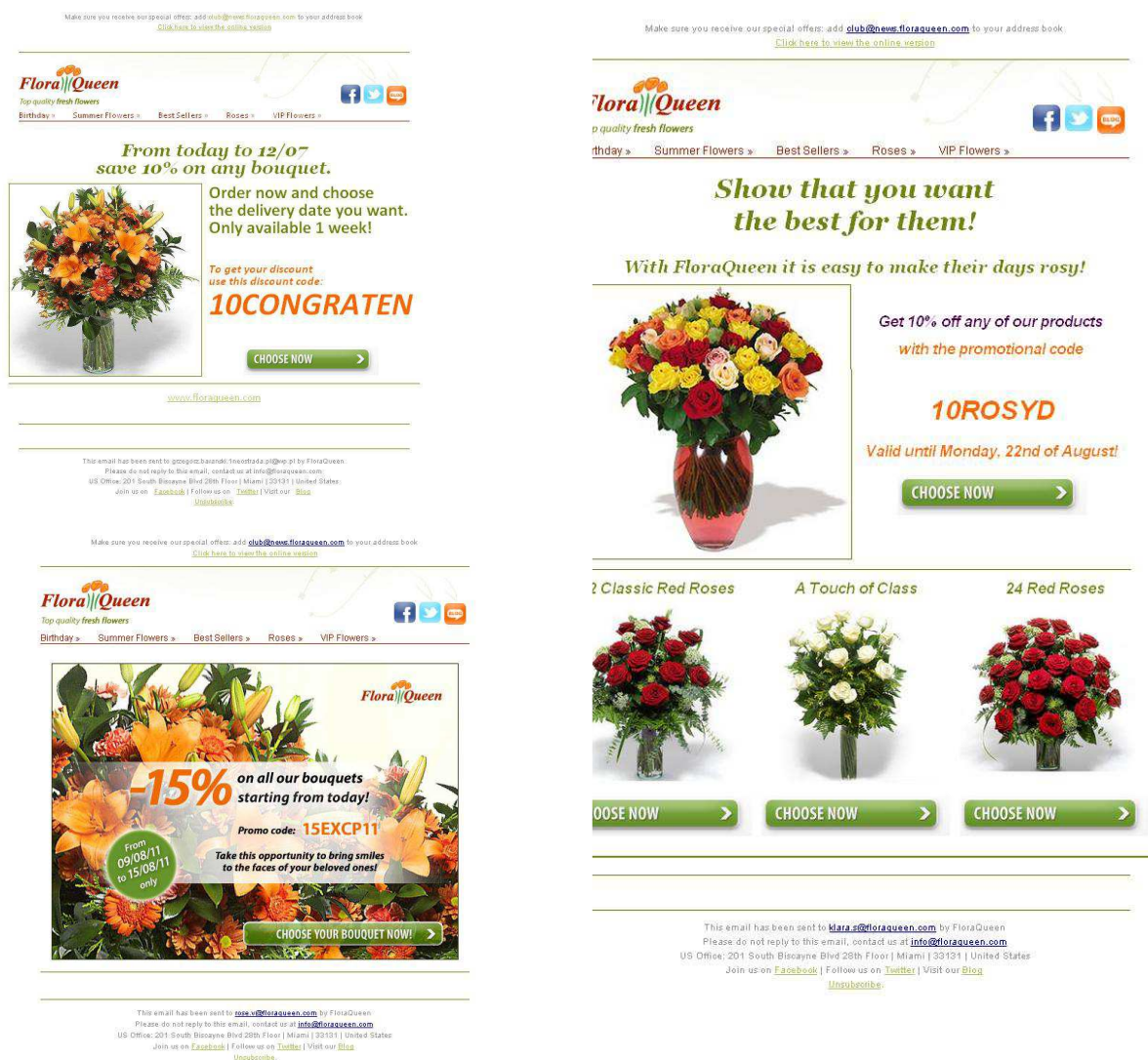
ongoing marketing (Customer Club Manager, Designer, translation team) and IT efforts, reflected by their salaries.

## 4.4. Biweekly Promotional Newsletters

As the majority of revenues is produced by biweekly offers, following in-depth analysis is directed to those. Focus is paid specifically to the activities carried out in the third quarter of the year 2011, as FloraQueen switched from Bronto to EmailVision email marketing software during June 2011 and soon after started testing major changes in its practices.

### 4.4.1. FloraQueen Standard Templates

#### Illustration 21 – FloraQueen Standard Newsletters



Source: FloraQueen [internal materials]. 2011 [cit. 2012-05-02]. Biweekly Newsletters from July, August 2011.

FloraQueen was initially using 3 predetermined HTML rich templates – for a single offer, an e-card and for 4 products. Header contained notice about adding the sender to the address book, link to view email online, FloraQueen logo with slogan, social media links (Facebook, Twitter, Blog) and links to 5 different categories (birthday, seasonal flowers, best sellers, roses, VIP flowers). Body followed, having always the same layout, background and using the same colors. The footer contained information about the sender (name, contact, address), social media links and unsubscribe link.

Based on FloraQueen already established timing, newsletters were sent periodically on Tuesday (to the whole database) and Thursday (to subscribers who did not open previous message) at 12:00 or 17:00. Most selling flowers according to Google Analytics were pushed together with seasonal and event offers. Both HTML and plain text copies were distributed.

#### **4.4.2. Implementation of New Templates**

New design implemented from the beginning of September 2011 brought to FloraQueen newsletters additional elements. The header was enriched with:

- Reminder of subscription, which should strengthen the credibility of the sender as it is clearly stating that the recipient has subscribed.
- Compelling presentation of the discount in one sentence to motivate recipients to download images and view the complete offer.
- Unsubscribe link to prevent subscribers from hitting the spam button.

The body was designed to give flexibility for using different offers, banners promoting special events and additional content (information about flowers / the company / entertaining news / stories / recommendations /...). The background was adjusted in order to differentiate campaigns and thus keep subscribers away from monotony.

The footer was expanded with:

- Time delimitation of the offer to nurture the recipients to act immediately.
- Link to privacy policy of the company for improvement of the credibility.
- Invitation to subscription useful for forwards.

Time of sending, together with subject, action button and discount were tested in order to further improve the performance metrics.

## Illustration 22 – FloraQueen Newsletters in New Design



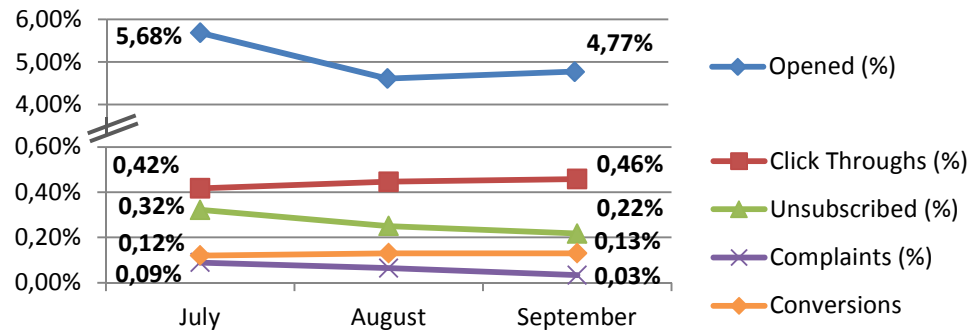
Source: FloraQueen [internal materials]. 2011 [cit. 2012-05-02]. Biweekly Newsletters from September 2011.

### 4.4.3. Measurement of Results

Looking at the generic results for all domains, the clickthrough rate slightly improved (from 0,42% in July to 0,46% in September) as well as the unsubscription rate (from 0,32% to 0,22%) and the spam complaint rate (from 0,09% to 0,03%). This indicates that the implemented changes brought higher efficiency. The only metrics laying behind were the open rate (4,77%), which in comparison with August grew, but still did not reach the value of

July (5,68%), and the conversion rate, which was stagnating over August and September (13%).

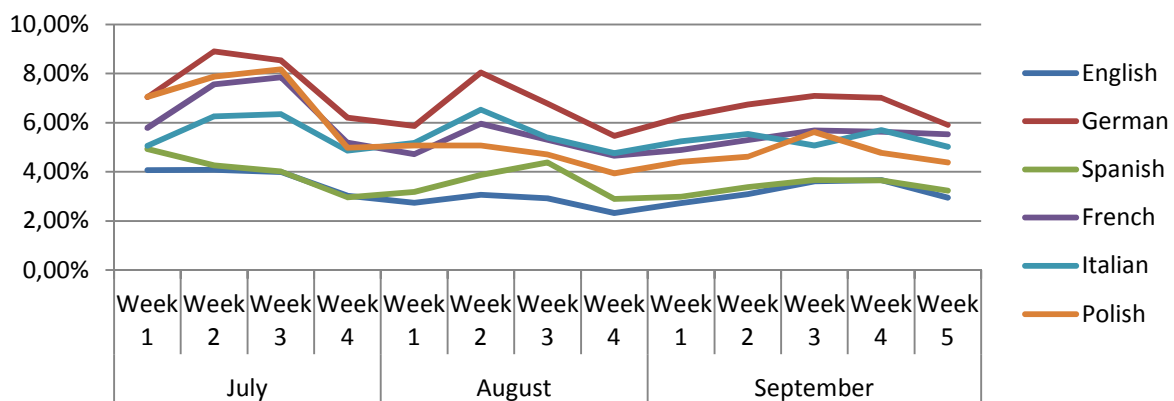
### **Illustration 23 – FloraQueen Email Program Generic Results 3<sup>rd</sup> Quarter 2011**



Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Reports, 4.7.2011-2.10.2011 Open Rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

The open rate is from its nature highly dependent on the number of emails delivered, which can be seen also from the 3 month analysis of FloraQueen results. Uplifts in the 2nd and 3rd week of July were caused by import of 35 975 subscribers from the old Bronto database to EmailVision. The same applies for the following import of 8 051 subscribers in the 2nd week of August. During September, thanks to the new email template, there was a steady growth, which would have been even larger if not for the 3 weeks disconnected API (application programming interface enabling communication between internal database of subscribers and EmailVision and thus allowing for direct import of subscribers from the web page to the external software). This failure was in effect from the 2nd week of September, triggering up to the end of the month when the open rate experienced decrease.

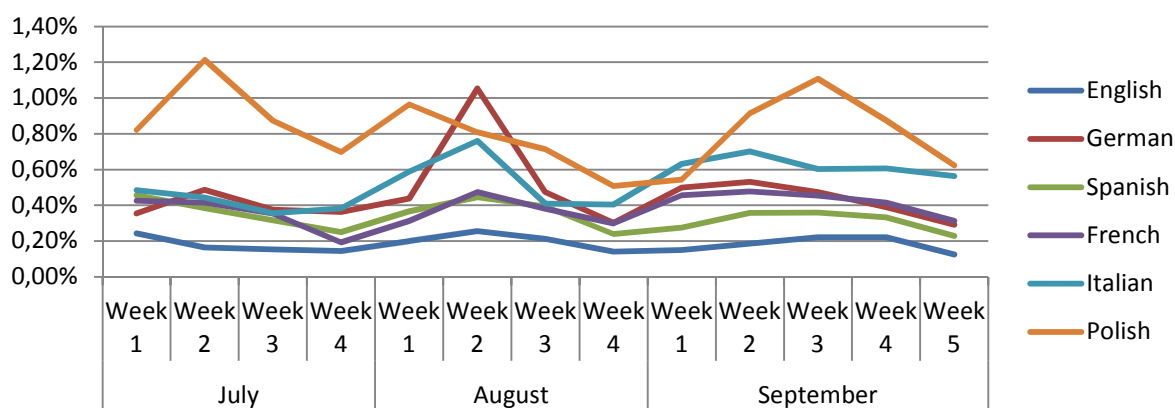
### **Illustration 24 – FloraQueen Open Rate 3<sup>rd</sup> Quarter 2011**



Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Reports, 4.7.2011-2.10.2011 Open Rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

The evolution of the open rate further influences also the clickthrough rate. This pattern is visible especially in the 2nd week of July and August, when the open rate was high and the end of September when it went down. One can see again a steady growth in performance after the switch to new emailing template. To understand the value and volatility of CTR, one needs to study the size and aging schedule of the list of subscribers. For example EN database is the largest and at the same time the oldest, which explains why the clickthrough rate is the lowest and the less volatile. On the contrary, PL database is the smallest and the newest, resulting in higher activity of subscribers and jumps in the value (between the highest and the lowest CTR in the 3 month period, there is difference of only 37 clicks).<sup>47</sup> Clickthrough rate is of course given also by the attractiveness of the offer, as seen in the 2nd week of August, when German results climbed due to high preference of DE subscribers for 15% discounts.<sup>48</sup>

**Illustration 25 – FloraQueen Clickthrough Rate 3<sup>rd</sup> Quarter 2011**



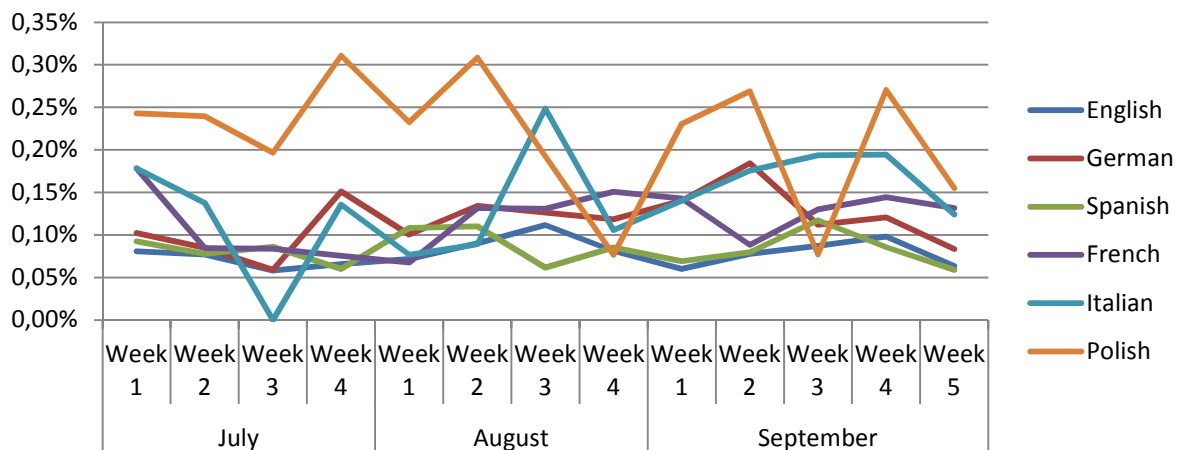
Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Reports, 4.7.2011-2.10.2011 Clickthrough Rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

Analyzing the conversion rate, one can see another time heightened volatility for PL and IT domains. Comparing its evolution before and after the adoption of new email templates, there is no clear conclusion on if it took any effect or not. The explanation might be that the functionality of the template is less important for final conversions than the offer itself and functionality of the webpage.

<sup>47</sup> Author, according to EmailVision [online]. 2011 [cit. 2012-06-03]. PL results – 2<sup>nd</sup> week of July 4 972 delivered emails, 1,21% CTR; 4<sup>th</sup> week of August 5 019 delivered emails, 0,51% CTR. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

<sup>48</sup> Author, according to FloraQueen [internal materials]. 2011 [cit. 2012-06-02]. A/B Testing Results.

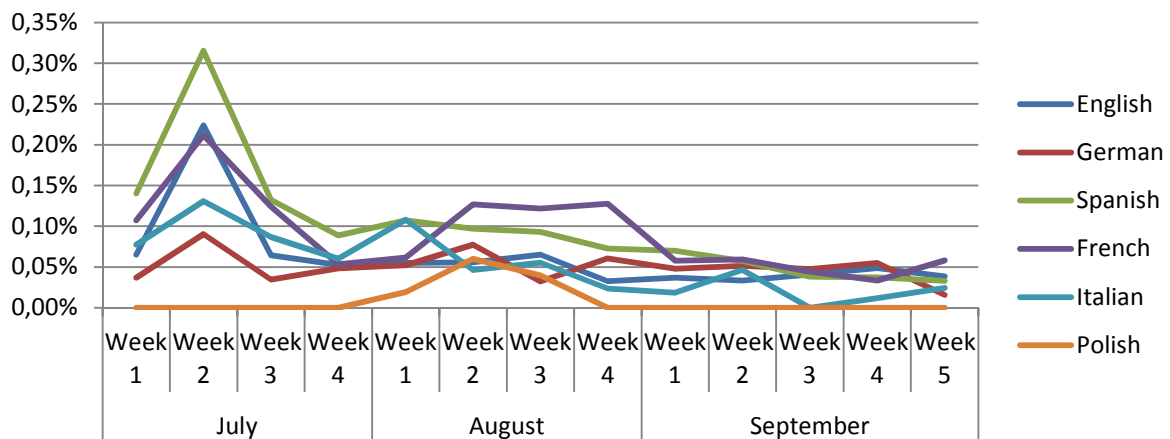
**Illustration 26 – FloraQueen Conversion Rate 3<sup>rd</sup> Quarter 2011**



Source: Author, according to EmailVision, Google Analytics [online]. 2011 [cit. 2012-03-03]. Campaign Commander 4.7.2011-2.10.2011 Member List Analysis, E-commerce Product Performance by Medium. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>, <https://www.google.com/analytics/>.

The percentual value of spam complaints follows the events already described, such as import of subscribers in the 2nd week of July and August. Minimum amount of spam accuses throughout September proves one more time that the adoption of new templates was a right step.

**Illustration 27 – FloraQueen Complaints Rate 3<sup>rd</sup> Quarter 2011**

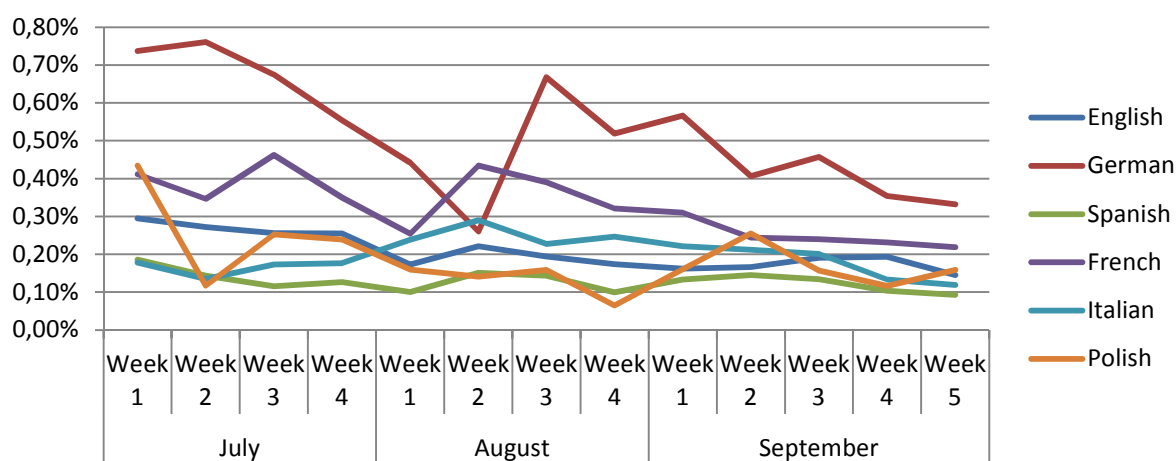


Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Reports, 4.7.2011-2.10.2011 Complaints Rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

The value of the unsubscribe rate is affected by the maturity of recipients' list conversely. The older the list, the higher the number of unsubscribers as these lose their interest with time (observable by comparing again for example EN and PL values). Development is specific for DE audience, as this holds the highest and the most volatile

unsubscribe rate. The reason behind seems to be a strong sensitivity to the appeal of the offer, as proved by the exceptionally low unsubscribe rate in times when the clickthrough rate is high and vice-versa. In September, new templates proved their efficiency by keeping the unsubscribe rate low for all domains except for PL (when studying the absolute numbers for PL domain, one can see that the that the difference between the highest and the lowest results in the 3 month period accounts for 10 clicks).<sup>49</sup>

#### **Illustration 28 – FloraQueen Unsubscription Rate 3<sup>rd</sup> Quarter 2011**



Source: Author, according to EmailVision [online]. 2011 [cit. 2012-03-03]. Campaign Commander Reports, 4.7.2011-2.10.2011 Unsubscription Rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

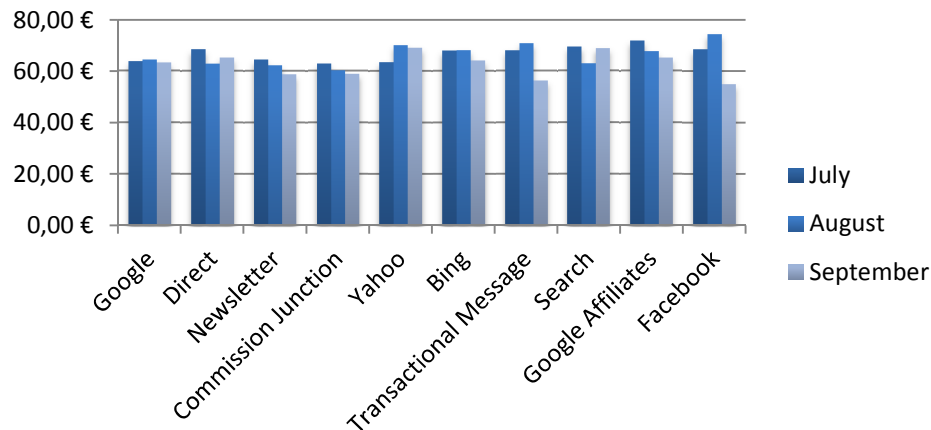
#### **4.4.4. Comparison Against Other Website Traffic Sources**

In order to properly evaluate the efficiency of new email templates, the effect of changes implemented was studied also in relationship with consumer behavior on FloraQueen webpages. 3 month results for the period July-September 2011 were extracted from Google Analytics for each of the 7 domains run by the company. To benchmark the results of promotional and transactional emails against other traffic sources, reports focused on the average value spent, the e-commerce conversion rate, the per visit value, the bounce rate and the average visit duration were downloaded and analyzed. For each of the language mutations, ranking according to the total number of visits was created and from this an aggregate ranking of the most frequent traffic sources for all FloraQueen online shops for each of the months established.

<sup>49</sup> Author, according to EmailVision [online]. 2011 [cit. 2012-06-03]. PL results – 4<sup>th</sup> week of August 5 019 delivered emails, 0.06% unsubscribe rate; 2<sup>nd</sup> week of September 5 071 delivered emails, 0.25% unsubscribe rate. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

As for the average value spent, the outcomes for each of the traffic sources vary minimally. This is understandable as there are very small differences among the prices of the most favourite products. Slightly bigger changes can be seen only for transactional messages and Facebook due to the lower number of total purchases realized and thus higher volatility.

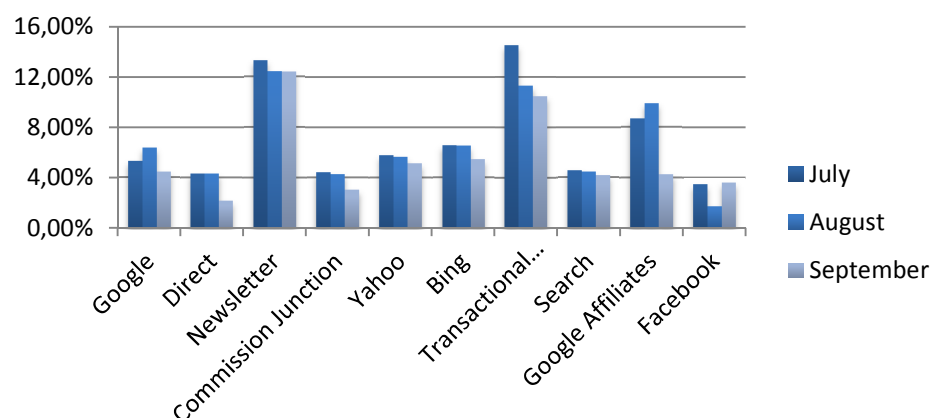
**Illustration 29 – Average Value Spent by Traffic Sources**



Source: Author, according to Google Analytics [online]. 2011 [cit. 2012-04-19]. Traffic Source, Site Usage and E-commerce by Source, 4.7.2011-2.10.2011. Available at: <https://www.google.com/analytics/>.

The e-commerce conversion rate proves the exceptionality of email marketing in terms of return on investment. Both commercial newsletters and transactional messages score by far the highest conversions. The evolution over the studied three months period does not confirm higher efficiency of the newly implemented templates, but put in the light with other traffic sources, one can see that all of them experience a declining tendency.

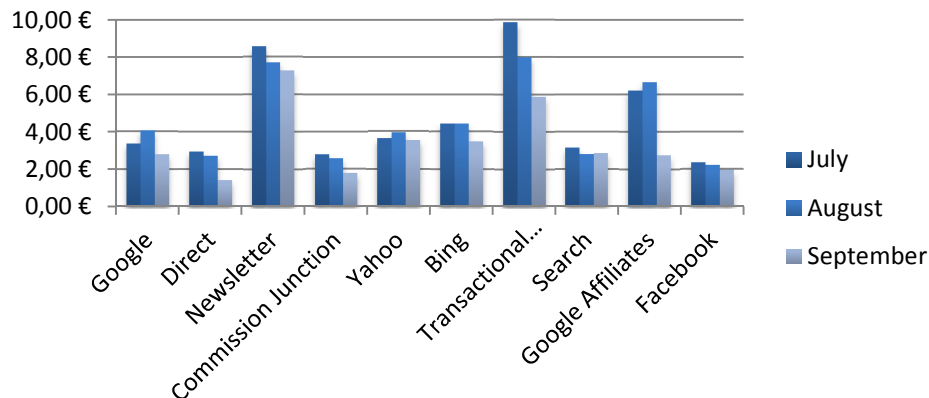
**Illustration 30 – E-commerce Conversion Rate by Traffic Sources**



Source: Author, according to Google Analytics [online]. 2011 [cit. 2012-04-19]. Traffic Source, Site Usage and E-commerce by Source, 4.7.2011-2.10.2011. Available at: <https://www.google.com/analytics/>.

There is a clear connection between the conversion rate and the per visit value metric. The higher the amount of conversions, the more purchases are realized per the total number of visits. Again, newsletters and transactional messages reach the highest values and together with other traffic sources decline over time.

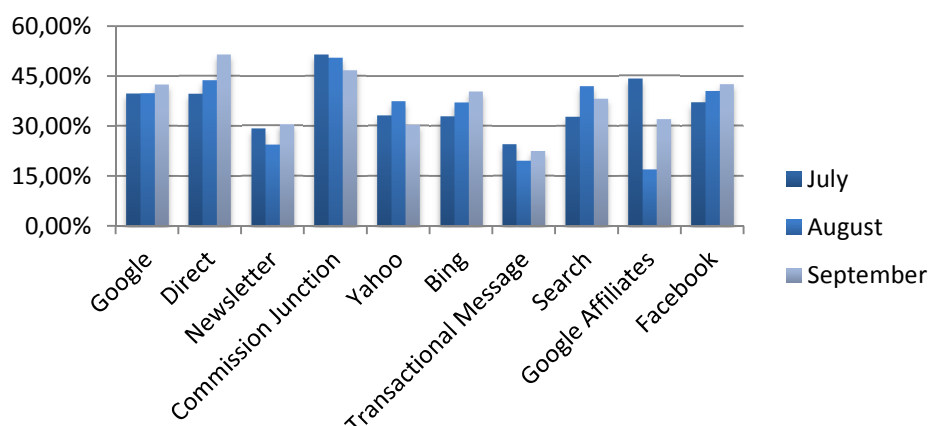
**Illustration 31 – Per Visit Value by Traffic Sources**



Source: Author, according to Google Analytics [online]. 2011 [cit. 2012-04-19]. Traffic Source, Site Usage and E-commerce by Source, 4.7.2011-2.10.2011. Available at: <https://www.google.com/analytics/>.

The bounce rate was in general the lowest for email communication and the highest for affiliates acquired by means of Commission Junction. The results for newsletters sent in September were negative, as the bounce rate rose by about 6%. Anyway, this might not be caused solely by the new templates, as all of the online shops were shifted to a new back office, whose functionality in the beginning of the month was questionable.

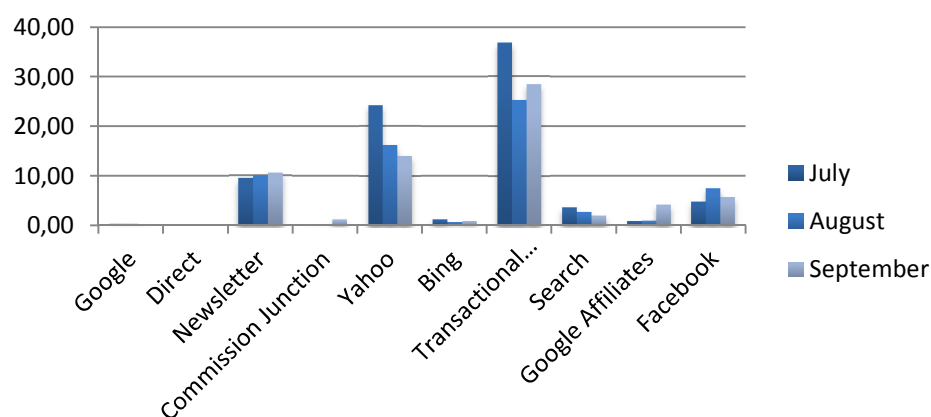
**Illustration 32 – Bounce Rate by Traffic Sources**



Source: Author, according to Google Analytics [online]. 2011 [cit. 2012-04-19]. Traffic Source, Site Usage and E-commerce by Source, 4.7.2011-2.10.2011. Available at: <https://www.google.com/analytics/>.

As it could have been expected, the longest website visits were realized thanks to transactional messages. FloraQueen existing customers have the highest interest in their products and possibly also need more time to check their online account, status of purchases realized etc. Surprisingly, prospects coming from the Yahoo search engine spend long time on FloraQueen web pages, too. Unfortunately, no reason for this particular behavior was found. The next longest visit duration scored people clicking through newsletters and Facebook, which can be explained by their clearly demonstrated interest (for newsletters they had to sign up and for Facebook like the page or at least proactively search for it as there were no FloraQueen ads posted). This metric proves that the templates used from September on had better creative and content, because they not only called the attention of visitors, but also made them spend slightly more time investigating about the products promoted.

**Illustration 33 – Average Visit Duration by Traffic Sources**



Source: Author, according to Google Analytics [online]. 2011 [cit. 2012-04-19]. Traffic Source, Site Usage and E-commerce by Source, 4.7.2011-2.10.2011. Available at: <https://www.google.com/analytics/>.

#### **4.4.5. Deliverability**

Due to the change of the ESP and as a result, change in the sender's source, FloraQueen has been facing more reputation problems. The inbox placement rate fell from an average of 75% to 69%, with another 17% hitting bulk and 14% missing. Results for selected ISPs, such as Gmail and Hotmail, were alerting as 100% of the emails delivered were reaching spam. The new templates for biweekly offers were designed to outweigh this disadvantage with focus on existing mistakes in the HTML code and content.

Regular cross-checks with the SpamAssassin engine were introduced, which helped to discover common pitfalls in the HTML code leading to an average penalization of 1,7 points

during July and August. FloraQueen messages were receiving 0,9 points due to low ratio of text to image area, which could be solved only by adding more paragraph style text to the HTML. Additional 0,6 points were awarded because the messages were HTML code heavy (90% to 100%). Too many HTML tags relative to the size of the message body were nevertheless acceptable as the use of HTML was warranted for the presentation effect given. Remaining 0,2 points were assigned because of the existence of tbody tags. The SpamAssassin engine created this rule because of common occurrence of these tags in spam. The solution for this was simply leaving them out.

Additional mistakes were associated with the content of newsletters. FloraQueen was regularly using phrases such as “Dear” along with a capitalized name, click here in an HTML anchor tag and “save €”, which were triggering penalization rules. New templates overcame these rules by displaying such phrases in form of buttons and pictures.

## 4.5. A/B Testing

In order to define best case practices for building campaigns within the new template, FloraQueen run a serie of A/B tests for different elements of its emails. Those included the subject line, discount offer, buttons and time of sending. For testing, Campaign Commander software from EmailVision was used, as it allowed the company to send distinct messages to a selected percentual share of its database.

### 4.5.1. Subjects

Regarding subjects, it was tested whether the recipients are more responsive in the case of emphasizing a discount or an upcoming event. The open rate results suggested that mention of the event is more effective. This might be given by the low variability of discounts offered (10% for EN, ES, DE, FR and 15% for IT, PL newsletters with only exceptional changes). It can be assumed that subscribers already expect given discount, which is repetitive and therefore not attention grabbing.

**Table 4 – A/B Test Subject – Event/Discount**

	% Open	% CTR	% Unsub
Don't forget about flowers for Friendship Day, 7th of August	5,82%	0,32%	0,21%
Get 10% off any flowers until Monday, 8th of August	5,38%	0,26%	0,13%

Source: Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

Moreover, also the effect of personalization on subjects has been studied. Different newsletters have been sent to EN subscribers and the rest, because of Grandparents Day applicable only to Anglo-saxon countries. Personalized subjects containing the name of the recipient led to email openings more often than the non-personalized ones, as they might have given more credibility to the message. Usage of name in the subject might be considered as a practice largely used by spammers, leading to higher spam complaints. Nevertheless, this has not been proved, as the spam complaints for both types of subjects were comparable.

**Table 5 - A/B Test Subjects – Personalized/Not-personalized**

	% Open	% CTR	% Unsub
Get 10% off any flowers for your grandparents! Ends Monday (EN) Are you looking for a surprise? Choose yours today and get 10% off (ES, DE, FR, IT, PL)	6,10%	0,67%	0,23%
Name, get 10% off any flowers for your grandparents! Ends Monday (EN) Name, are you looking for a surprise? Choose yours today and get 10% off (ES, DE, FR, IT, PL)	6,62%	0,68%	0,33%

Source: Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

#### **4.5.2. Buttons**

A/B testing of buttons was realized with the words „Buy now“ and „Choose now“. Size, font and color of these buttons remained the same as well as the rest of the newsletter. Eventhough the absolute number of clicks on both buttons was almost identical, the combination „Choose now“ obtained much better percentual results in comparison with other links. After opening the email with „Choose now“ button, 31,93% of people selected to click it, whereas in the case of „Buy now“ button only 23,12% clicked it and the rest preffered clicking other links within the newsletter. The lesson taken might be that people consider the button „Buy now“ too binding, they hesitate to comit to purchase and thus rather select the option of just looking around.

**Table 6 - A/B Test Buttons**

	# Clicks	% CTR
Button "Buy now"	44	23,12%
Button "Choose now"	43	31,93%

Source: Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

### 4.5.3. Discounts

In order to identify, whether the usage of 10% or 15% discounts is more effective, FloraQueen realized two rounds of A/B testing, one focused on selected products and one with discount voucher for anything from the assortment. Eventhough the generic results show slight preference for both 15% discounts and vouchers, the outcomes for each language version were ambiguous, with only DE subscribers having clear preference for 15% off.

**Table 7 - A/B Test Discounts**

	% Open	% CTR	% Unsub
15% discount on selected products	2,87%	0,21%	0,14%
10% discount on selected products	2,83%	0,16%	0,12%
15% voucher on anything	2,94%	0,21%	0,12%
10% voucher on anything	2,85%	0,21%	0,13%

Source: Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

### 4.5.4. Sending Time

For testing the sending time, the following slots were chosen – 6:00, 12:00, 17:00. In the first week, half of the database received newsletters at 6:00 and the other one at 12:00. The consecutive week, messages were sent at 6:00 and 17:00 and the last week at 12:00 and 17:00. According to the outcomes, FloraQueen switched the time of distribution of its newsletters from the existing 12:00 (occasionally 17:00) to 6:00. This timing proved to be the best in the open rate, scoring 0,35% better than 12:00 and 0,73% than 17:00. In the number of clicks and unsubscribes it did somewhat worse than other timings, but the differences were not substantial. Looking at each of the language versions, only FR subscribers seemed to have slightly higher preference for 12:00.<sup>50</sup>

**Table 8 - A/B Test Sending Time**

	% Open	% CTR	% Unsub
Campaigns launched at 6:00	5,93%	0,49%	0,20%
Campaigns launched at 12:00	5,58%	0,54%	0,23%
Campaigns launched at 17:00	5,20%	0,40%	0,17%

Source: Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

<sup>50</sup> Author, according to EmailVision [online]. 2011 [cit. 2012-07-03]. Campaign Commander Reports. Available at: <https://p4cce.campaigncommander.com/ccmd/jsp/login/index.jsp?lang=en>.

## 5. Benchmarking with FloraQueen Direct Competitors

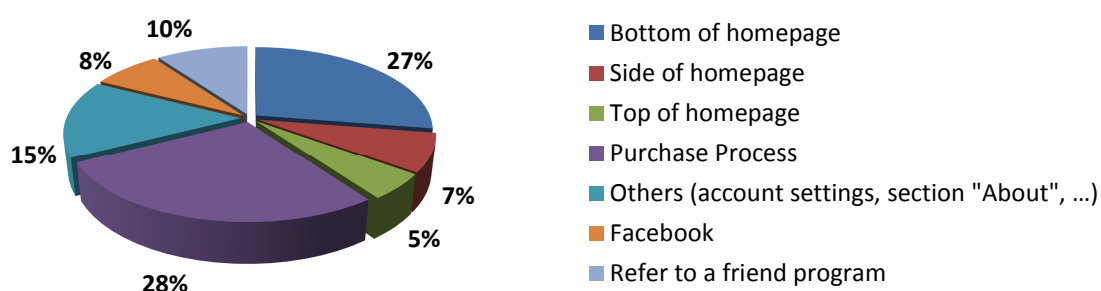
In order to identify best case practices within email marketing in the floriculture industry, newsletters of 17 direct competitors of FloraQueen were followed over July – September 2011. The subscription process, sending time, frequency, subjects, offers, discounts, buttons, special events, templates, unsubscribe links and any other features were scrutinized to analysis and important benchmarks were established.

### 5.1. Goals

#### 5.1.1. Acquisition

There were found 26 companies, operating either on national or international level, that collect email addresses for newsletter purposes. 28% uses collection during the buying process with both preliminary checked and unchecked subscription boxes, 27% uses a form placed at the bottom of their homepages, 15% applies other collection techniques and 10% promotes a refer-to-a-friend program. 3 companies use double opt-in and only 1 company offers advanced subscription with 5 categories among which to choose (flowers for all occasions, flowers from only £19,99, food gifts, plants, special events).

**Illustration 34 – Acquisition Tactics of FloraQueen Competitors**



Source: Author, based on the analysis of 26 companies from the floriculture industry, multiple acquisition tactics possible.

#### 5.1.2. Conversion

Based on the subscription, only 17 firms sent at least 1 email during the analyzed period. The rest possibly distributes newsletters less frequently or collects email addresses for future purposes. 81% uses welcome newsletters, with just 38% taking advantage of this occasion for promoting a special discount (ranging between 5 – 20%) and 19% explaining to the recipients how the registration will benefit them. 19% of companies also uses pixel

tracking to see whether registered users shop during their session. If no purchase is done, they send triggered emails with promotions – either discount or cancellation of delivery fee. One of those companies even uses a combination of an immediate kind reminder and a promotional message if the person does not return to realize an order within a week.

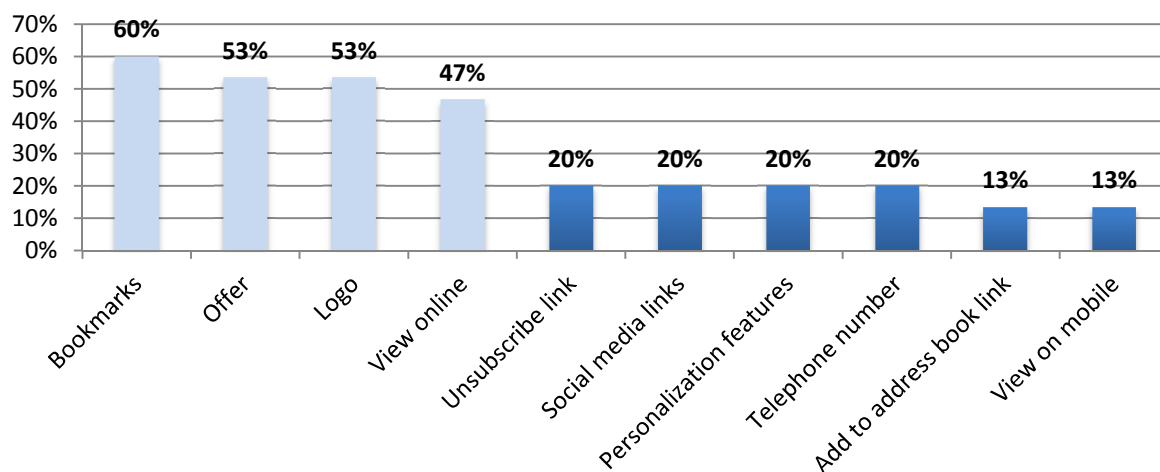
### 5.1.3. Growth, Retention

Out of the studied group, 8% currently uses shopping cart abandonment programs. In the email they display the product left in the shopping cart, but do not offer any promotion. One of the companies also suggests other items the customer might like. For retention of the customers 44% applies loyalty programs, mostly based on a collection of points and their redemption for discounts. 31% also gives the possibility of setting reminders and 19% makes periodical monthly deliveries.

## 5.2. Newsletter Format

All companies analyzed use HTML templates as the visual aspect of the newsletter plays essential role in the flower e-commerce. Looking at the industry standards concerning headers, companies use most often different bookmarks to draw attention to the different brands or categories they offer (60%), followed by a headline focused on the featured offer (53%), logos (53%) and links to the online version of the newsletter (47%). Interestingly, the largest companies focused on EN subscribers, 1800 Flowers, FromYouFlowers and Interflora also offer the possibility to switch to a mobile version.

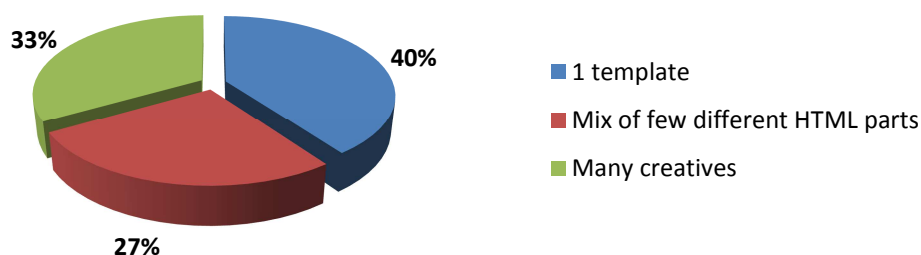
**Illustration 35 – Header Features of Newsletters of FloraQueen Competitors**



Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

Concerning the body of newsletters, 40% of firms rely on a single template (one layout is used), 27% combine different parts of a pre-defined HTML (several layouts can be created by mixing different tables and banners) and 33% comes up regularly with different creative solutions. The number of templates used is influenced by the frequency of sending. Heavy email marketers such as 1800 Flowers, FromYouFlowers or Teleflora need to avoid frequent repetition, and as a result, shrinkage of their databases, by introducing new designs.

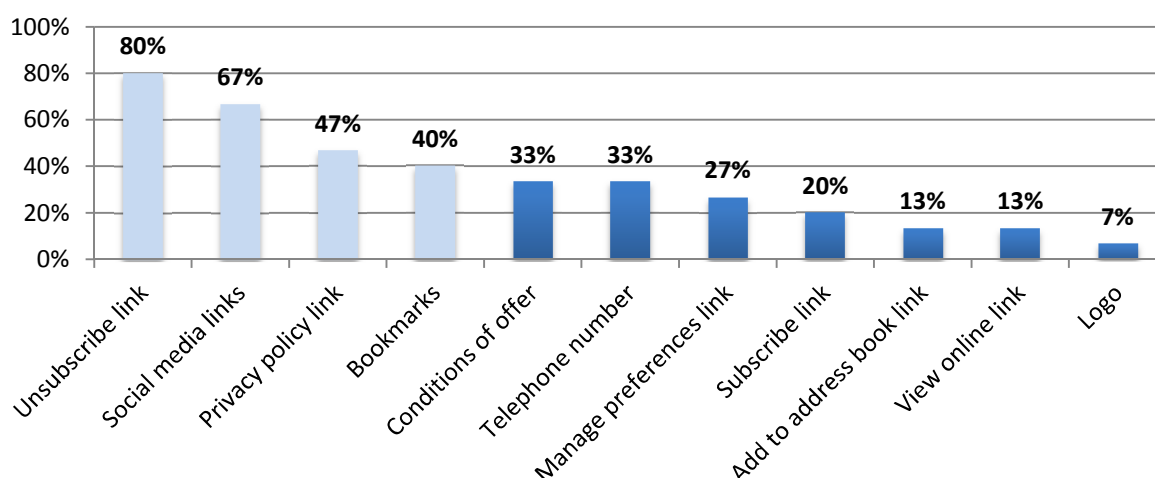
**Illustration 36 – Usage of Predefined Newsletters of FloraQueen Competitors**



Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

Footer is the most common place for including any external links, such as unsubscribe (80%), social media (67%), privacy policy (47%) and bookmarks (40%). Among good ideas developed by different firms within the group belong incorporation of links for downloading mobile applications, sending gift cards, locating the nearest physical store, giving feedback and using 24/7 live chat. Nice feature used by ReadyFlowers for promotion of their loyalty program was the summary of points collected.

**Illustration 37 - Footer Features of Newsletters of FloraQueen Competitors**



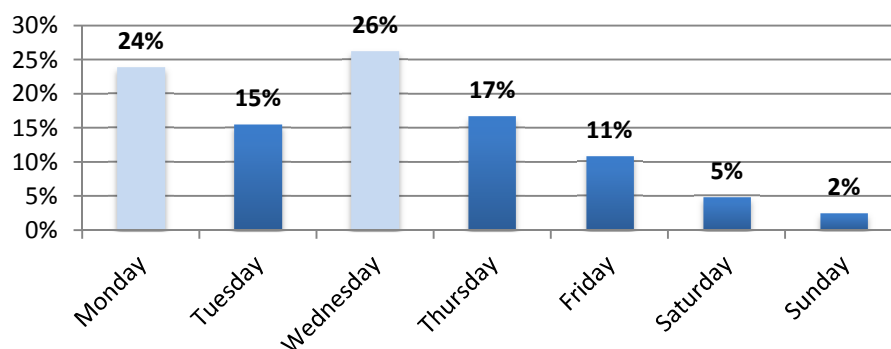
Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

### 5.3. Frequency and Timing

75% of studied companies sends emails maximally once per week. 13% distributes their newsletters regularly twice per week and the other 13% even more frequently. 1800 Flowers reach the highest sending frequency, as they mail their subscribers every day except for Sunday.

The most favorite days for distribution are Wednesday (26%), followed by Monday (24%) and Thursday (17%). Therefore, if FloraQueen would like to compete with the offers of their counterparts, it would be considerable to change the schedule of its biweekly newsletters. With the current status, the subscribers might get other offers earlier and thus realize their purchases elsewhere.

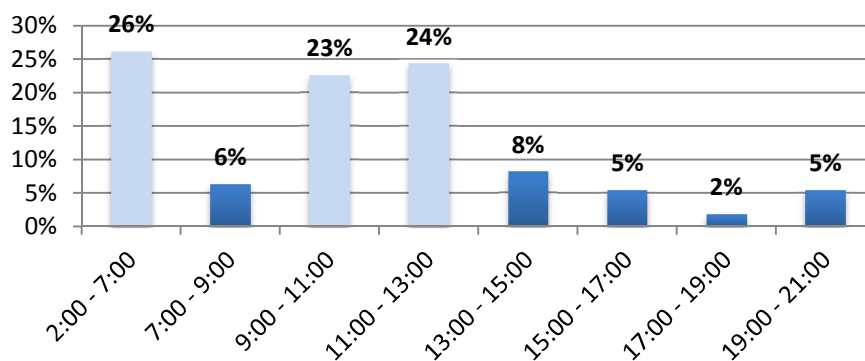
**Illustration 38 – Timing of Newsletters of FloraQueen Competitors by Day**



Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

Breaking the timing even further to a specific hour, one can see, that prevailing amount of newsletters is distributed in early morning hours, usually around 6:00 (26%). Popular time slots are also around 10:00 (23%) and 12:00 (24%).

**Illustration 39 - Timing of Newsletters of FloraQueen Competitors by Hour**

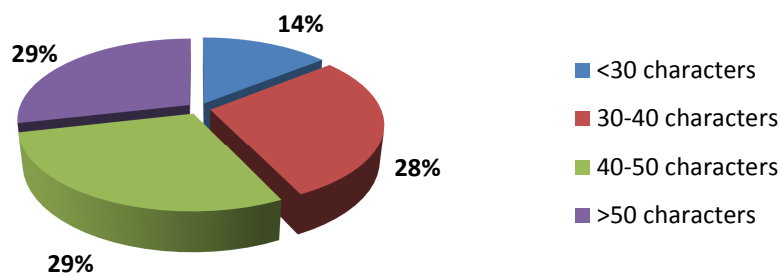


Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

## 5.4. Subject Lines

Almost 60% of FloraQueen competitors manage to keep their subject lines between 30 and 50 characters, including blank spaces. FloraQueen would unfortunately fall to the 29% of firms, which overcome the benchmark of 50 characters. In the given period, only one company used personalized subjects containing the name of the recipient.

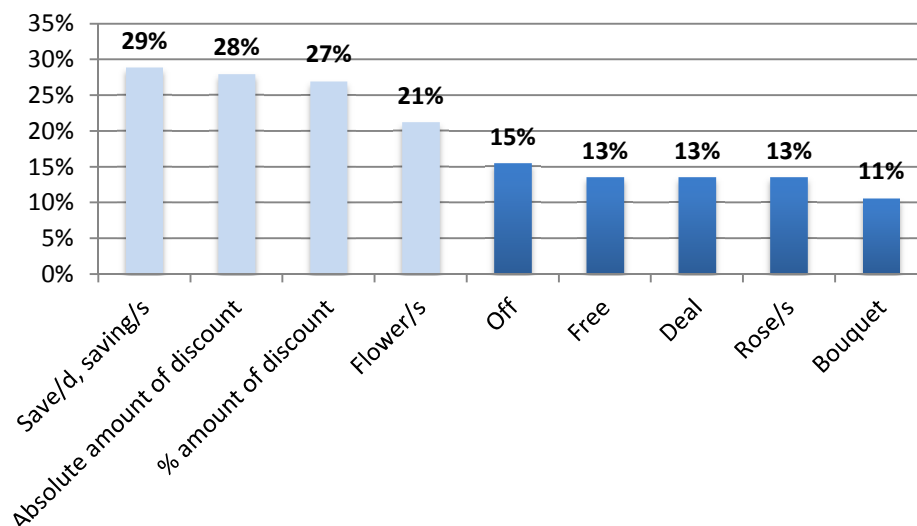
**Illustration 40 – Length of Newsletter Subjects of FloraQueen Competitors**



Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

The most favorite word in the subjects has its root in sav-, including the words save, saved, saving, savings (29%). Frequently used is also the amount of discount granted, both in its absolute (28%) and relative (27%) value. Given the industry, also the word flower and its plural scored high (21%).

**Illustration 41 – Most Used Words in Newsletter Subjects of FloraQueen Competitors**



Source: Author, based on the analysis of newsletters of 17 companies in the period July – September 2011.

## **6. FINAL RECOMMENDATIONS**

### **6.1. FloraQueen Email Marketing Strategy**

#### **6.1.1. Diversification of Goals**

A good email marketing strategy aims to develop a long-term relationship between a company and its customers. Unfortunately, FloraQueen has been up to now only acquiring and converting their clients (with promotional newsletters and limited up-selling program). It is highly recommendable to initiate more email marketing activities in the growth, retention and re-activation phases and thus reshape the purchasing behavior of the 83% of single-time shoppers, so that they would become repetitive buyers. To support the growth phase, FloraQueen might start using tracking pixels on its webpages. Information collected during the online sessions of its clients could be then used for sending personalized cart abandonment campaigns. To achieve repeated purchases, a good idea would be implementing reminders about upcoming birthdays and other special events. Also, based on the practices commonly used by competition, FloraQueen might consider starting a loyalty program, which would create an added value for its customer and thus increase the costs of switching.

#### **6.1.2. Segmentation of Audience**

To improve the email marketing strategy, FloraQueen should not only diversify its goals, but also work more efficiently with the audience. As it has been proven, implemented changes in email templates had little impact on the conversion rate. It has been concluded, that the offer itself plays more important role in final conversions than the creative of the newsletter. Therefore, it is crucial to offer the right products to right people and in the right time. Currently, there is only little segmentation used and in some cases even mistakenly. As already mentioned, a 10% discount is used for EN, ES, FR and DE subscribers and 15% for IT and PL. But in further analysis of revenues generated by countries, one can see that the most challenging is to convert Spanish and French prospects into buyers. Those should be therefore offered more incentives and one of them could be higher discounts. Also, the preferences of customers should be taken into account. As revealed in A/B test of discounts on selected products and discount vouchers, German subscribers show very high price sensitivity. By offering them regularly 15% off, FloraQueen could easily boost its sales.

Particularly useful could be also segmentation according to previous email or website activity. FloraQueen could for example design special campaigns for people, who regularly open its newsletters, but never convert. Or create triggered messages according to previously clicked links. Personalized campaigns for people who share FloraQueen newsletter with their friends could be also highly effective. And tailor-made program with rewards for those, who use share-to-social buttons might bring even better results. As for the website activity, information about viewed or purchased products could be stored and connected with EmailVision database. As revealed in one of the studies, majority of people is seeking for a gift for somebody else. Thus, approximately one year after a purchase, customers could receive reminders that they can make their beloved ones happy again with pictures of the bouquets they've purchased before.

Also, standardly used segmentation according to recency, frequency and monetary would be considerable. Thanks to this method, FloraQueen could order its segments from the most to the least valuable and then pay special attention to those 20% of customers who deliver 80% of results. The most recent purchasers of highest value could be sent emails more frequently than the rest of the database whereas clients inactive for several months could be offered an additional % off.

## **6.2. Biweekly Promotional Newsletters**

As already mentioned, FloraQueen should consider re-scheduling the distribution of its promotional messages as the majority of competition is sending their email campaigns on Monday and Wednesday. The results obtained from this change in timing should be of course properly studied and in case that there was a clear drop, FloraQueen should rather stick to their traditional schedule.

As for the creative of newsletters, the only recommendation would be considering a mobile version for at least EN and ES subscribers, who dispose of the largest penetration of smartphones.<sup>51</sup> Some of the competitors have already successfully developed mobile versions of their emails and companies such as 1800-Flowers or Interflora have even introduced mobile applications.

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<sup>51</sup> Wired [online]. 2012 [cit. 2012-04-21]. 42 Major Countries Ranked by Smartphone Penetration Rates. Available at: [http://www.wired.com/beyond\\_the\\_beyond/2011/12/42-major-countries-ranked-by-smartphone-penetration-rates/](http://www.wired.com/beyond_the_beyond/2011/12/42-major-countries-ranked-by-smartphone-penetration-rates/)

Concerning the content part, it is particularly necessary to shorten the subject length of FloraQueen emails. In the theoretical part of this thesis it has been determined how many characters are being considered best case practice with respect to open and click rates. Later on, in the practical part, it is been proved, that majority of FloraQueen competitors is able to create compelling subjects using less than 50 characters and some of them even using less than 30 signs.

The body of the newsletters should be tailored according to subscribers' preferences. FloraQueen is currently promoting only discounts on its offers, but it should find out whether it wouldn't be equally appealing to offer freebies, early notifications on upcoming sales and future products and exclusive content. Also, based on the trends, the content part of emails should become increasingly integrated with social media, as FloraQueen would gain the possibility trigger its reach and build a high quality list of subscribers.

Another recommendation for the content part would be using more creativity, extraordinary activities and offers for the off-season newsletters in order to offset negative impacts of the cyclical character of the floriculture industry.

To remain competitive and continuously adjust to the preferences of customers, FloraQueen should also continue running A/B tests both for the creative and content part of its newsletters. It is advisable to discover which length of the body copy and which wording would be the most efficient ones. It is advisable to test the most commonly used subject words of competition and test the most fitting keywords from the Google Keyword Tool.

### **6.3. Subscription Process**

It has been identified, that FloraQueen is promoting email subscriptions via its web page, purchase process, link in its newsletters and Facebook page. All of those methods are single opt-in and in case of purchase process the subscription comes even in a pre-checked box. If FloraQueen wants to be serious about the quality of its subscribers, it should definitively switch to double opt-in without any pre-checked boxes. Double opt-in has also additional advantage of possible improvement of the deliverability rate. Upon subscription, FloraQueen customers can be informed, that they need to verify their email address by clicking on the confirmation link in the email which have just been sent to them. They might be asked to check their spam or bulk mail folder in case they don't receive it within a few

minutes. Additionally, they can be advised to add FloraQueen to their address book or safe senders list. Moreover, double opt-in also helps to avoid any spam traps.

FloraQueen could also broaden its base of subscribers by adding new opportunities of subscription. Opt-in links could be added to all transactional emails and also email signature lines of direct employees. Good idea could be scheduling a newsletter-promoting email for the day after order delivery. At this point of time, customers are generally excited about the bouquet delivered and might be more susceptible for a newsletter sign up.

Apart for giving customers more chances of opting-in, FloraQueen could offer them also more reasons for doing so. Currently only Facebook subscription explains in a limited manner the benefits that people can obtain. Nevertheless, there are another simple ways of how to promote opt-ins, such as including sample copies of the newsletter, using testimonials, informing about the 5% discount which is received upon subscription, highlighting any other added values, including a privacy policy statement or for example laying out expectations regarding the content and frequency.

#### **6.4. Reporting, Analytics**

With respect to the recommendations of using more segmentation and integrating email marketing with social media, FloraQueen should also consider expanding currently used metrics for valuation. Subscriber valuation could be inferred based on the recency, frequency and monetary scoring system. Also social valuation should be added using metrics such as social-share click-through rate, sharing view rate, social contributor rate and shared message life. EmailVision even offers tracking some of those indices, but FloraQueen is currently not taking any benefits from them.

#### **6.5. Deliverability**

As seen from the description of FloraQueen email marketing practices, the company does very little to improve the deliverability of its emails. In the recently implemented changes, it included to newsletters a reminder of their customers' opt-in, an unsubscribe link in the top left corner and a privacy policy link in the footer. These new features had a positive impact in terms of lower number of spam complaints. Nevertheless, FloraQueen has long-term problems with deliverability concerning some ISPs, such as Gmail or Hotmail, which have been only triggered by the change of its ESP provider.

One of the steps necessary in order to improve the deliverability is balancing the growth of subscribers' list with its quality. Few good practices have already been proposed for the subscription process, but additional ones need to be exercised before adding new email addresses to the database and more actions need to be taken also with the already existing list. Prior to entering contacts to the database, FloraQueen should clean and correct all problematic and invalid emails. This could be done with help of a real-time email address correction technology used for the subscription points or via periodic list-hygiene service. As for the established database, all contacts collected a long time ago should be asked to opt-in again or, alternatively, non-active subscribers should be directly removed from the list. This painful tactics is then going to be rewarded with higher inbox placement, response rate and lifetime value of subscribers. Part of the non-active contacts possibly exists due to a loss of interest, but another part is there simply because of a change in email address. Annually, about 30% of consumers change their emails, which in the case of FloraQueen means almost 71 000 clients.<sup>52</sup> To minimize this address churn, the company should offer an easy option of how to update an email address linked to every single message.

FloraQueen should also run regular deliverability and rendering reports via EmailVision tools and Spam Assassin engine to correct any HTML errors. It is also important to watch out for spammy words and be aware of the possibilities of their substitution (another wording / pictures / buttons).

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<sup>52</sup> Lyris [online]. 2012 [cit. 2012-04-21]. Use Email + Social Sharing to Grow Your List, Relevance, Engagement & ROI. Available at: <http://www.lyris.com/au-en/blog?start=102>

## CONCLUSION

Long before email became a marketing tool, it was a communication vehicle. It revolutionized lives of its users, but many companies often forget about the communication possibilities of email and rather think of it as a cheap and fast way to sell a product. The objective of this work is to guide its readers to understanding of full marketing potential of email and provide ideas for redefining the strategic uses of email as an effective marketing device. In order to define approaches for leveraging email practices, this document has been based on four goals:

1. Evaluation of the current state of email marketing and identification of the existing best case practices within the field.
2. Internal analysis of email marketing practices of a selected online company on the international flower delivery market.
3. External analysis of industry benchmarks.
4. Proposal of recommendations in order to increase the efficiency of email campaigns of the chosen firm.

The goal number one has been accomplished in the first three chapters of this work. The initial chapter talked about the explosion of the Internet around the world and consequently, also the boom in the usage of email, and described it in the latest numbers and trends. Particularly, the need of integration of email marketing and social media, the opportunities of mobile marketing, the power of video messages and the benefits of consolidated web analytics were explained. Afterwards, an organized approach for crafting a successful email strategy was offered, giving advices on how to work with the different existing goals, types of email messages, audiences and budgets. The second chapter continued with the introduction of the best case practices for developing campaigns from start to finish. It set out the differences between plain text and HTML rich newsletters, gave recommendations on the length and frequency of messages, selected the key performing open and click rates by day, gave options on how to use up the best the 10 characters of the from line, selected which subject lengths score the highest open and click rates and showed how the preview pane, layout of emails and its visual anchors can be used to draw readers' attention. Additional tips were given also on the possibilities of personalization, planning and testing of email campaigns. The third chapter closed the identification of common practices within the field by

encompassing the subscription process, distribution of emails and management of a database of contacts.

The second goal has been elaborated in the fourth chapter, in which the company FloraQueen has been introduced. Its email marketing practices have been described following the same logical order of the first part of this work – first analyzing the email marketing strategy of the company, including its goals, audience and budget and afterwards evaluating the existing campaigns. Special attention has been given to the comparison of two different email templates in order to determine which one achieves higher efficiency. According to the metrics from the email service provider EmailVision and also Google Analytics, it has been determined that the new template, which basically introduced some of the best case practices described before, brought better results. The chapter has been concluded with different A/B tests, whose objective was to reveal which practices should FloraQueen adopt in order to better respond to its customers' preferences.

Industry benchmarks have been established in the fifth chapter. It has been determined which are the most common goals pursued by the competition, which newsletter formats the different firms adopt, at which frequency and in what timing they tend to distribute emails and what are the prevalent features of the subject lines used.

The last goal of this work has been accomplished in the sixth section, which basically recompiled all the suggestions and results of previous analyses and presented a set of recommendations on which FloraQueen could build upon in order to take its email program to the next level. The advices have been designed in order to be easily applicable to the specific needs of the company and the floriculture industry. In order to create an effective communication link between FloraQueen and its customers, the author sees critical:

- To diversify the goals of the email marketing strategy and in particular focus more on the growth, retention and re-activation activities.
- To apply segmentation of the audience according its specific characteristics, consumer behavior and email marketing results.
- To test rescheduling of the distribution.
- To develop a mobile version of the newsletter.
- To shorten the length of subjects, run A/B tests on different keywords and offers and create off-season promotions.

- To introduce double opt-in without pre-checked boxes, increase the number of opportunities to subscribe and define clearly the value proposition of doing so.
- To incorporate subscriber and social valuations.
- To solve deliverability issues by focusing on proper list hygiene, by performing regular deliverability and rendering reports and by avoiding spammy words.

During the elaboration of this document, the author has faced several challenges. One of them has been the unwillingness of the company to change / test some elements of its newsletter program. As it happens, change is not always embraced positively and sometimes it takes a lot of effort to prove the legitimacy of particular intentions. Due to this reason, it has not been for example possible to test different days for the distribution of FloraQueen newsletters. Another complication has been given because of the high turnover of employees in the company. Thus, it has been sometimes difficult to access needed knowledge as it has not been stored anywhere. More challenges have arisen also from technical difficulties such as sudden imports of new subscribers, unexpected disconnection of API and dysfunctionality of FloraQueen web pages.

The author also sees additional possibilities of expanding this work. An in-depth analysis of the efficiency of FloraQueen transactional messages could bring more insights for improving also their results and thus trigger the possibilities of email marketing in the company as a whole. A study focused on the preferences of FloraQueen consumers and their satisfaction with the current newsletter program could be particularly useful, too.

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# APPENDICES

## Appendix 1 – Snapshot of FloraQueen English Website

About Us | FloraQueen's Magic | Contact | Your Account | English | EUR €




Top Quality Fresh Flowers

[Home](#) | [Birthday](#) | [Mother's Day](#) | [Best Sellers](#) | [Roses](#) | [Flowers](#) | [Colours / Price](#) | [Occasions](#) | [VIP Flowers](#)

Select your delivery country to see local prices and offers:

NEW



Mother's Day  
May 13th  
  
Mom's favorite flowers?  
The ones sent by you!



International Flower Delivery  
We send flowers all around the world!



Say Happy Birthday  
with our top flowers!



**Mothers Day Bouquet**  
  
**From 34 €**  
Shades of soft pink set the mind at ease, while crisp blue eryngium blooms add complexity and...



**Lady in Pink**  
  
**From 34 € 32 €**  
This elegant explosion of pink is a fantastic modern bouquet that will express your emotions...



**Rosy Wonder**  
  
**From 44 €**  
Description: This pink rose bouquet uses complementary yellow roses to make a bright departure...



**Pink Smile**  
  
**From 31 €**  
This dashing bouquet is lavishly decorated and designed to make a lasting impression. More about...




**Cheery Morning Bouquet**  
  
**From 44 € 42 €**  
This wonderful arrangement is a fun bouquet of flowers that will bring a cheery smile to everyone's...



**White Satin**  
  
**From 39 €**  
This smooth and silky combination will remind people of the happiness and beauty in their lives,...



**Perfect Sunrise**  
  
**From 39 € 35 €**  
A marvellous sunrise of orange lilies and seasonal flowers. This round bouquet is full of happiness...



**12 Classic Red Roses**  
  
**From 54 €**  
This stunning bouquet is classically arranged to ensure your emotions are expressed in the...

79

## Appendix 2 – Example of Proflowers Newsletter

Special Invitation: Accept for an Extra 20% off   Inbox 

ProFlowers proflowers@email.proflowers.com to me [show details](#) Aug 10 (1 day ago) [Reply](#)

Exclusive Sale Invite: Extra 20% off Sitewide! [View the full email](#)

# ProFlowers®

Birthday Anniversary Get Well Roses Plants Gourmet Gifts Specials

Through this email only: Extra 20% off your order!



20% off  
SITE WIDE

This offer is by invitation only!  
Accept now and take an Extra 20% off\* anything over \$29.

START SHOPPING  
CLICK HERE

### Email-Only Specials:



**\$19.99 Special!**

18 Assorted Petite Roses  
with Free Vase  
Regularly: \$29.99  
**Special: \$19.99**

[Buy Now](#) [Details](#)



**52% Off in All**

Thinking of You  
with Blush Pink Vase  
Regularly: \$49.99  
Special: \$29.99  
**Extra 20% Off: \$23.99**

[Buy Now](#) [Details](#)



**Huge Bouquet**

Deluxe All the Frills  
with Free Vase  
Regularly: \$49.99  
Special: \$39.98  
**Extra 20% Off: \$31.98**

[Buy Now](#) [Details](#)

Over 40 Million Fresh Deliveries - [Shop Best Sellers](#) [Forward to Friends](#)

shop by phone [800.580.2913](tel:800.580.2913) [Join us on facebook](#) [Follow us on twitter](#)



## CHERRY MOON FARMS®

Our Family of Brands





[Send Flowers to Canada](#) [Send Flowers to the United Kingdom](#) [Send to Other Countries](#)

\*The extra discount has already been calculated into the final prices featured in this email and does not apply to gift cards or certificates, same-day, Florist Express or international deliveries, third-party hosted products (e.g. wine), taxes, shipping, handling or other surcharges. Discounts not valid on bulk or corporate purchases of 10 units or more. Discount shall be applied at checkout and can not be combined with other offers or discounts. Images in this email may include upgraded, premium vases which are available for an additional charge. Prices valid while supplies last. Prices subject to change.

This email was sent to: [klara.s@floragreen.com](mailto:klara.s@floragreen.com). If this email was forwarded to you by another email recipient and you would like to subscribe to the ProFlowers email list, [click here](#).

If you prefer not to continue receiving ProFlowers promotional e-mails or to submit questions or comments, please use the following links instead of replying to this email:  
[Email Preferences](#) | [Questions or Comments](#) | [Privacy Policy](#)

For Customer Service assistance and FAQs, [click here](#).

Provide Commerce, Inc. 4840 Eastgate Mall, San Diego, CA 92121

## Appendix 3 – Example of 1-800-Flowers Newsletter

Birthdays are sweeter with 20% savings! [Inbox](#) | [X](#)



★ [1-800-FLOWERS.COM](#) to me

[show details](#) 6:41 AM (2 hours ago)

[Reply](#) ▼

A special offer from [1-800-FLOWERS.COM](#)®:  
Birthdays are sweeter with 20% savings!

[View as a webpage](#)  
Viewing on a Mobile? [Click here](#) to view this email in text.



[Birthday](#) [Anniversary](#) [Thank You](#) [Same-day](#) [Sympathy](#)

## Make getting older sweet, not sour

### Save 15%\*

on flowers and gifts from  
our Exclusive Birthday  
Collection when you use  
Promotion Code **LEMON15**

— or —

### Save 20%\*

when you pay with your  
MasterCard® card and use  
Promotion Code **MCLEMON20**



[Shop Now ▶](#)



## LIVING BEAUTIES

Surprise them with exotic orchids on  
anniversaries, birthdays, or just because.

[SHOP THE ORCHID BOUTIQUE ▶](#)



**100% SMILE GUARANTEE:** As florists, our life's work is to deliver smiles. We're  
obsessed with delivering a terrific experience. If not – *we'll make it right. Guaranteed.*

[LEARN MORE ▶](#)



Follow us on  
Twitter



Like us on  
Facebook



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Friend

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See [Terms of Offer](#) for further details.

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Add [1800FLOWERS@email.1-800-flowers.com](mailto:1800FLOWERS@email.1-800-flowers.com) to your Address Book to ensure that you receive our email in your Inbox.

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## Appendix 4 – Example of Teleflora Newsletter

Save 20% and send the biggest birthday bouquets from Teleflora!

Inbox | X



★ Teleflora teleflora@email.teleflora.com to me

[show details](#) 12:59 PM (2 hours ago)

[Reply](#) ▼

[SAVE 20%](#) on any bouquet at Teleflora.  
[View with images](#)

**teleflora.**  
Fresh flowers hand-delivered daily.

[forward to a friend](#)

[BIRTHDAY](#) ▶ [THINKING OF YOU](#) ▶ [GET WELL](#) ▶ [THANK YOU](#) ▶ [SUMMER](#) ▶

*summer*  
**birthday!**

**SAVE  
20%**  
[SHOP NOW](#) ▶



Teleflora's  
Sunny Birthday Present  
~~\$49.95~~ \$39.96

**GIVE THE TELEFLORA DIFFERENCE HAND-DELIVERED BY OUR FAMILY OF NEIGHBORHOOD FLORISTS.**

[Gift Reminder](#) | [My Account](#) | [Customer Service](#) | [Teleflora Rewards](#) | [Community](#) | [Twitter](#) | [Facebook](#)

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## Appendix 5 – Example of Interflora Newsletter

12% off everything - one week only!

📧 | ✕ | Inbox | ✕



Interflora - the flower experts gifts@interflora-newsletter.co.uk to me

[show details](#) Aug 18 (5 days ago)

[Reply](#)

Dear Customer, 12% off everything - one week only!

Interflora are sending you this email after you either purchased or signed up to receive offers from [interflora.co.uk](http://interflora.co.uk).

Unable to view, click [here](#) | [Unsubscribe here](#).

To ensure you receive our email offers, please add [gifts@interflora-newsletter.co.uk](mailto:gifts@interflora-newsletter.co.uk) to your address book.



12% off\*\*  
for one week only!

Summer Collection | Same Day Delivery | Anniversary | Birthday | Personalised Gifts | International




12%<sup>\*\*</sup>  
OFF

FOR ONE WEEK ONLY  
ENTER CELEBRATION AT CHECKOUT  
SHOP NOW »



For one week only we are offering you an incredible 12% off, so you can really go to town on that perfect gift for someone's big day.

For a little inspiration, our three best sellers featured below are a great place to start. The beautiful Large Pink Radiance Hand-tied is one of our favourites and guaranteed to please!

<div>Large Pink Radiance Hand-tied</div>  <div>£39.99* <b>Buy now</b></div>	<div>Pink Perfect Gift</div>  <div>£26.99* including vase <b>Buy now</b></div>	<div>Cool Summer Hand-tied</div>  <div>50% extra free</div> <div>£29.99 including delivery <b>Buy now</b></div>
--	---	---

Order before 3pm for delivery today†



[Shop at Interflora »](#)  
[Download our App »](#)  
[Visit our mobile site »](#)  
☎ 0844 453 3800

\*Subject to Interflora delivery.

\*\*Product value must exceed £24.98. Offer expires midnight 24th August 2011. Offer cannot be used in conjunction with any other offer.

†Exclusions apply. See [interflora.co.uk](http://interflora.co.uk) for terms and conditions.

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AUG14


## Appendix 6 – Example of Blume 2000 Newsletter

Sparen beim Kracherangebot

Blume2000.de newsletter@news.blume2000.de to me

show details 10:38 AM (6 hours ago) Reply


Wenn dieser Newsletter nicht korrekt angezeigt wird, dann klicken Sie bitte [hier](#).

HomeOrchideenGeburtstag

### Kracher-Angebot


Lieber Blumenfreund,  
ein echtes Kracher-Angebot: der fröhliche Sommerstrauß wird inklusive Vase und bunter Sommerverpackung versendet. Greifen Sie zu.

[» Bestellen Sie jetzt Ihre liebevollen Blumengrüße!](#)



**Kracher-Angebot:**  
3,39€ sparen

**Sparen Sie beim Kracher-Angebot:**



**Kracher-Angebot:**  
3,39€ sparen

### Sonnenschein inkl. Glasvase und Sommerverpackung

Holen Sie sich die Sonne ins Haus oder verschenken Sie fröhliche Sonnenstrahlen - eine passende Glasvase und die sommerliche Verpackung sind schon dabei. Sparen Sie beim Sommer-Angebot!

**€25,00** [» Bestellen](#)

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- [Orchideen](#)
- [Geburtstag](#)

**Aktuelle Angebote:**

- [Sonnenschein inkl. Glasvase und Sommerverpackung](#)

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