Reactivation

Re-engage inactive customers and subscribers

An Experian white paper
Introduction

If the cost of acquiring a new customer is more than keeping an existing one, shouldn’t marketers do everything they can to re-engage inactive customers or subscribers?

Email reactivation campaigns do just that. These campaigns send timely and relevant messages to inactive subscribers, offering incentives to re-engage with the brand. They can also prompt inactive subscribers to reveal the types of products or services that interest them most, enabling marketers to craft highly personalized and relevant messages for future engagement.

At Experian Marketing Services, our clients have experienced tremendous success with re-engagement campaigns.

We have seen a thoughtfully planned re-engagement strategy deliver up to 14 times the lift in email revenue.
Why every brand needs a reactivation program

The economics

The costs associated with acquiring a new customer are steep. The investment begins with advertising costs required to raise brand awareness. If it’s a highly competitive market, high-cost new customer incentives may be required. Additionally, there are costs associated with setting up new accounts, training sales forces and acclimating new customers to your business.

 Reactivation campaigns build upon a brand’s previous investments, targeting customers who already are aware of and have previously engaged with your brand. These campaigns can deliver significant incremental revenue and also position inactive subscribers for more engagement in future campaigns. Simply put, re-engaging inactive customers makes good economic sense.

Cost savings with reactivation versus new customer acquisition

- Cost of advertising and generating brand awareness
- First-purchase incentives required (coupons, special offers, loss leaders, etc.)
- Selling costs (sales teams and support teams)
- Registering/Setting up new accounts and new customer guides
- Time and cost of acclimating new customers to your business and processes

What every brand needs to be aware of when considering a reactivation program

Sender reputation and deliverability

To protect their subscribers, some Internet service providers (ISPs), such as Gmail™, Yahoo! and Hotmail®, are making decisions on how to treat incoming messages and determining whether they should go to a recipient’s inbox, go to the junk folder or not be delivered at all. These decisions are based on business rules that consider the recipient’s level of engagement with the sender, as well as the recipient’s general level of email activity. For example, does the recipient delete messages from this sender without opening them? Does the recipient open the email within a specified time period? Has the recipient logged into his or her email account in recent weeks?
The criteria that drive these decisions are both proprietary and ISP confidential, which means marketers cannot circumvent the ISPs’ antispam tactics. Additionally, ISPs often convert old email addresses into spam traps or honey pots (email addresses used to identify spammers). These spam traps collect samples of unsolicited messages and, using automated antispam systems, instantly block delivery of messages with the same content to other email subscribers. In other words, marketers who send promotional emails addressed to old or poorly sourced Gmail or Yahoo! email addresses, for example, run the risk of Google or Yahoo! blocking their marketing messages to all Gmail or Yahoo! email recipients.

So, what can marketers do to engage inactive customers while avoiding spam traps and honey pots?

The best approach is to continue to engage your subscribers from the very beginning of the relationship with relevant messaging and have an ongoing reactivation plan in place to awaken them quickly when they start to reduce engagement levels. Marketers should look to identify email addresses that pose high spam trap risk by monitoring email campaign activity, such as clicks, opens and purchases. Additionally, marketers can leverage email co-ops such as Experian’s Email Insights Activit-E module to gain intelligence by identifying globally active email customers who may not be interacting with their brand but still may be interacting with other brands.

To do this, marketers need to have a reactivation strategy that is an ongoing part of their programs instead of one-off activities.
Due to the recent filtering tactics of ISPs, one thing is very clear; consistently sending email to inactive subscribers without getting them to engage will adversely affect both inbox placement and sender reputation.

For more information on deliverability, download Experian Marketing Services’ white paper *Three pillars of successful email deliverability: Ensuring safe arrival and optimum placement in the inbox.*
The re-activation framework

An effective re-activation program should:

- Pre-empt subscriber inactivity
- Move first-time purchasers to repeat purchasers
- Pre-empt cancellation of subscription or service
- Win back lapsed customers or members
- Reactivate by engaging customers in other channels, e.g., mobile, social, display
- Increase subscriber engagement for increased deliverability and reputation

Regularly analyzing, identifying, and grouping email subscribers based on the data you have available is key to developing an effective reactivation program. This will serve as the foundation for building an effective messaging strategy to activate subscribers and either successfully integrate them into your core cadence or suppress them from future mailings.

This four-step framework will help you plan an effective reactivation program.
Step 1: Analyze subscriber data
The first step is to examine your existing customer data. Analyzing your customer data can help you identify reactivation segments to target and help create reactivation campaign strategies.

The goal of leveraging these data points is to identify the following:

- **Which subscribers open and click on your emails?**
  Since there is previous response activity from these email addresses, there is a better chance that these addresses are “live” accounts. These subscribers pose a lower risk of being a spam trap or honey pot.

- **What is the level of engagement for your openers and clickers?**
  This insight will help you identify subscribers with the potential to disengage and allow you to test mailing frequency with your campaigns.

- **Who has purchased from you in the past?**
  Former buyers have a higher propensity to reactivate. A recent Experian Marketing Services reactivation program study found that former buyers have more than double the transaction rate of nonbuyers. Former buyers also deliver 14 times more in revenue.¹

- **What is the tenure of subscribers?**
  Understanding subscription tenure can help you make better decisions regarding contact strategy. Subscription tenure will influence which inactives you will need to send a confirmed opt-in message to.

- **How did you acquire the email address?**
  This analysis helps measure acquisition source performance and can be used to drive future acquisition strategies. Acquisition source information can be used to identify:
  - Which source is contributing most to the inactives.
  - Which source is leading to most deliverability/reputation issues.
  Typically email addresses acquired from a handwritten format, such as a sweepstakes ballot entry or at point of sale, can have a higher chance of causing deliverability/reputation problems. Marketers who are collecting addresses via these methods should utilize list hygiene services like Experian QAS to avoid mailing to “fake” addresses.

- **What’s the best way to reach your subscribers?**
  Reactivation efforts can become useless if you do not know where to engage customers and how to deliver relevant messaging. Marketers can gain a better understanding of their customers by not only examining email response data, but also including demographic, attitudinal and behavioral data. This can help inform your messaging, content, creative and communication strategy.

¹ Experian Marketing Services Reactivation Analysis Study, April 2012
Step 2: Identify subscriber activity
The pivotal step in any reactivation campaign is to separate your list into at least three unique segments. Each segment will require different reactivation campaign strategies.

The three base line segments should be:

• **Active** — As a rule of thumb, active subscribers have opened and clicked on an email within the past 12* months. They should not be included in immediate reactivation campaigns but should be monitored and tested for frequency preferences and reduced engagement levels.

• **Inactive** — higher deliverability risk: These subscribers have neither opened nor clicked through an email within the past 12* months. They pose higher deliverability risk, as mailing to abandoned accounts, bad addresses, spam traps or honey pots could negatively impact your sender reputation.

• **Inactive** — lower deliverability risk: These subscribers have opened but not clicked on an email within the past 12* months. Since there has been recent activity with this account, they pose a lower risk of being a spam trap or honey pot.

*Important note: The appropriate time span to be used for defining inactives will vary based on industry, business models and purchase cycles.*

When evaluating and identifying customer email engagement with your brand, always consider your industry, business cycles and business objectives. For example, engagement cycles may be very different for a cosmetics brand where customers may make purchases monthly versus a furnishing brand where customers may make purchases annually.

Time frames and metrics used in this framework are guidelines only.
Step 3: Develop messaging strategies

Use your data analysis and segmentation from the two previous steps to create highly relevant and compelling offers, messaging and imagery as part of your reactivation campaigns. As noted previously, these strategies will differ depending upon the segment to which you are mailing.

Active segment: Test incentives, preferences and frequency

Reactivation campaigns should include measures to proactively identify subscribers who have a propensity to become inactive and target them for a series of emails designed to keep them engaged.

For instance, subscribers who fail to engage with your “welcome series” emails clearly have the propensity to become inactive. Rather than maintain your standard “welcome series” cadence, consider sending them new or additional incentives early in the relationship, such as free shipping on their first purchase. If they’re still inactive, invite them to share their preferences with you through a preference center or a simple survey to collect more relevant information.

A first purchase offer in a welcome series can proactively engage subscribers.
Additionally, consider lowering the frequency or number of emails to the customer in a given time frame. For example, if you mail once weekly, consider mailing your low engagers once monthly and use your most compelling offer.
Inactive — higher deliverability risk segment: Repermission and suppress

Marketers must exercise caution when mailing to this segment and be cognizant of ISP engagement filtering, spam traps and spam buttons.

Mailing to bad addresses (often those that were accidently entered incorrectly) or spam traps (email addresses ISPs use to lure spammers) can have a negative impact on sender reputation. Additionally, mailing to a subscriber who is not interested in your emails creates a higher risk for your message being marked as spam by a recipient.

Retention-based co-ops, such as Experian’s Email Insights Activit-E module, can help marketers re-engage inactive audiences and reduce deliverability risks by identifying globally active email recipients in their local inactive segment. By gaining insights into email addresses that are actively engaged with other brands, an email co-op can help you to potentially move a large portion of your higher deliverability risk addresses to the lower deliverability risk segment.

Subscribers who were not identified as active from email response data or co-op insights must be repermissioned. Permission should be requested via a confirmed opt-in program.
Inactive — lower deliverability risk segment: Set program cycle and test offers
This segment arguably gives marketers the greatest opportunity for reactivation. It consists of known good addresses with recipients who have previously engaged with your brand. Setting appropriate program cycles and developing creative targeted messaging strategies are keys to reactivating this segment.

Set reactivation program cycle
Determine the appropriate time cycle to send reactivation emails to this segment. A good rule of thumb is once per quarter, but factors to consider when determining your reactivation program cadence include your industry, business cycle and seasonality.

Effective campaign tactics
There are many tactics you can test to entice low-risk inactives to open your emails and re-engage. Think carefully about the types of subscribers you are trying to re-engage and develop relevant messaging that will resonate with that audience. Your subscriber analysis performed in Step 1 will be especially useful here, as this segment can be further split into more targeted segments for more relevant and engaging campaigns.

For example, you may choose to differentiate approaches for nonbuyers versus buyers. While you could test offer types and incentives to nonbuyers, a more personalized approach may be required for lapsed buyers. To reactivate lapsed buyers, send historically high-performing product offers to subscribers who exhibit high email engagement (open emails) and aggressive offers to subscribers who exhibit low engagement.

An aggressive offer, such as $5 or 10 percent off a customer’s next purchase, can help re-engage high-value lapsed buyers.
Additionally, some subscribers may require more than one message in order to re-engage. When planning your reactivation campaign, consider using a series of emails. The series can incorporate multiple tactics for engagement, such as including special offers and creating a sense of urgency. This strategy will allow you to find the most appropriate and effective messaging.

With this three-part reactivation series, Carnival Cruise Lines was able to re-engage 12.4 percent of its inactive subscriber base.
Subject lines
Break through inbox clutter by including an engaging offer in the subject line, such as “Come Back and Receive $10 Coupon.”

Experian Marketing Services has observed up to 66 percent lift in revenue for email campaigns with subject lines utilizing offers such as this.

The important thing to note is that these subject lines should be significantly different from subject lines you have sent these subscribers in the past. Remember, this audience has disengaged, so sending them something completely new or unexpected may be an opportunity to re-engage.

Here are examples of aggressive or unconventional subject lines that have delivered great results:

- Fall Into The Perfect Party Dress + Take $50 Off
- Special 1/2 “Off”er for Easter!
- Up to 70% off! Hungry for savings?
- Holy moly! Up to $20 off beanbag chairs.
- 30% off dot bedding? Have we gone dotty?
- 20% Off Your Next Purchase. NO Exceptions! NO Exclusions!
- We Miss You... BOGO $1 In-Store and 30% off Online

Insightful offers
Use past purchase behavior or recency, frequency, monetary (RFM) analysis to identify compelling offers that are relevant to each subscriber. Examples of some insightful offers that have delivered excellent results include the following:

- 15% Off (delivered to subscribers who sign up but do not make a purchase after 45 or 90 days)
- Free Shipping (delivered to subscribers 100 or 145 days after a purchase)

Use surveys and polls to engage
Surveys and polls are effective because they prompt subscribers to indicate which products and services interest them most. This enables you to craft more compelling content and offers.
Exclusive, limited-time offers

Mentioning limited-time offers in both the subject line and the body content creates a sense of urgency, prompting subscribers to open and click emails. To create that urgency, consider exclusive, time-based offers.

Create engaging content

Think about your unique audience and develop content to appeal to them specifically. For example, if you’re a sports, music or pet care retailer, discover who your golf enthusiasts, classic rock lovers or new puppy owners are so you can create content that caters to their specific interests. If you are targeting affluent subscribers, use compelling and engaging creative and messaging that highlights luxury products.
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Marketers also can leverage third-party segmentation systems to create unique reactivation segments. Consider utilizing Experian Marketing Services’ deep customer insight and data products and services:

- Experian’s Mosaic® USA offers lifestyle and attitudinal profile data. Mosaic® comprises hundreds of segments that can help you gain insight into your inactive subscribers and create content to engage them.
- Experian’s ConsumerView® delivers insights to better understand and anticipate evolving consumer behaviors and channel preferences.
- Experian’s AudienceView® enables marketers to know when, where and how high-value consumer segments are in the market online.

Use multichannel offers

- If a subscriber fails to re-engage with your emails, try retargeting the subscriber in other channels. After all, it may be the communications channel that doesn’t interest them, not your products or services.
- In store — Just because a subscriber may have signed up for your emails does not mean that he or she prefers to purchase online. Try sending an offer good on an in-store purchase.
- Mobile — Retarget email subscribers with SMS or MMS campaigns, with services like Experian Marketing Services mobile marketing.
- Display — Re-engage subscribers with customized display advertising, with services like Experian’s Audience IQ®.
- Social — With Experian’s Alchemy Social™ and Facebook Custom Audiences, you can now retarget your inactive email subscribers on Facebook with highly targeted advertising.
Step 4: Integrate or suppress

In order to have a consistent reactivation approach, you should integrate inactive subscribers who re-engage into your core marketing communications cadence. Be sure to flag these subscribers so you can track, report and measure their performance. You should continue to monitor and adjust your testing and strategies based on the results you are seeing.

Inactive low-risk subscribers who do not re-engage should not be ignored. Send confirmed opt-in or repermission campaign series to subscribers in this segment who do not re-engage.

Conclusion

Reactivation strategies should be an integral component of any email marketing program. An ongoing reactivation strategy can help your communications stay relevant with your subscribers and keep them engaged throughout the Customer Life Cycle. Besides generating significant lift in transactions, the costs associated with acquiring new customers and the negative deliverability impact of mailing bad email addresses make inactivity analysis and reactivation a priority for all email marketers.

Experian Marketing Services has helped numerous brands design and launch reactivation campaigns. For more information on how reactivation strategies can help increase the effectiveness of your email marketing programs, please visit our Website at www.experian.com/marketingservices, email us or call us at 1 866 626 6479.