Behind-the-Scenes Discoveries from HP's Email Segmentation Tests (Response Rates Up 300-1,000%)

CHALLENGE

Most email marketers secretly yearn to do a lot more segmentation, sending out deeply personalized campaigns instead of one-size-fits all creative to their file.

Alisa Marienthal, Marketing Manager HP Americas IMS Enterprise, lived the dream by testing different versions of HP's Technology at Work email newsletter to 13 segments of the house file. Segments included recipients in big vertical industries and employees at major HP clients.

The test worked. Response rates rose somewhat. But, so did editorial costs. Marienthal wondered, was the test really generating as much ROI as it could?

How could HP get better response rates to offers to its house file without the extra costs associated with so much customized content?

CAMPAIGN

Marienthal ruefully admits she wishes she'd asked end-users what they wanted from email "before" she launched the segmentation tests. But, better late than never.

HP held usability labs in both Denver and San Francisco to ask recipients to look over the emails. A variety of prospects from IT techies to business executives individually reviewed sample HP emails, while Marienthal's team watched from a mirrored window in the next room. Their three biggest lessons:

Lesson #1: Job responsibilities drive content interest far more than industry vertical, or organization. People identify more with their job title (i.e. "I'm a CIO") than they do with their organization or its industry vertical. If you're going to segment, first try it by title.

Lesson #2: Most people will click on an offer to help them please their customer. . . but their "customer" may not be the organization's target market. For example, a Systems Administrator for a large financial services firm said his customer was, "The Mutual Funds Department, of course!" instead of mutual fund buyers.

Lesson #3: No recipient will ever examine your email as carefully as you do. Instead of reading, recipients tend to glance over email, skimming lightly for words or images that catch their attention.

In reaction to their findings, Marienthal's team "collapsed" the segmented newsletters to the five versions that got the best response.

And, instead of investing more in newsletter creative, they decided to switch to segmented demand-generated campaigns. These were one-off offers Marketing already routinely broadcast independent of monthly newsletters.

To inspire themselves, they named the new email test program: Target & Simplify.

How can you be more targeted and more simplified at the same time? The team focused on three specific areas of improvement.

Area #1: Target and simplify copy.

The team segmented their database for each offer based on what prospects' job functions and purchasing history implied. For a campaign promoting HP color printers, the team segmented the list into three groups depending on what kind of printer those prospects already had.

Then, they pared copy from several hundred words to as few as a dozen words. "If you know your customers really well, and you targeted things really well, you can find language that's going to hit the nail on the head," explains Marienthal.

In another example, the team divided software buyers into several groups for another campaign. One group consisted of "innovators" who tended to buy the latest products, so the copy read, "We know you want your system to be the best it can be. . . "

However, the group of "laggards" who rarely upgraded software received a completely different message for the exact same offer, "You have a bandaged-type solution and may be losing cost-efficiency. . . "

Area #2: Simplify email response landing pages.

If you're lucky enough to get a prospect to open and click, you shouldn't add barriers at the final response step. To that end, the team:

- Removed registration barriers completely for some white papers.

- Pre-populated remaining registration forms with the clicker's information so they didn't have to retype data HP already had.

- Deeplinked to just the right tech specs or download for each respondent based on what HP already knew about each one's existing system.

- Removed or streamlined extraneous navigation bars and clickable elements on landing pages that might distract from the purpose at hand.

- Added highly relevant "hero shot" graphics to the particular offer (such as a white paper thumbnail) and/or to the particular audience demographic, instead of general graphics.

Area #3: Simplify email opt-in forms.

To increase opt-ins, HP's email team also tested dramatically slimming down their online registration forms. In one case, the registration form went from 175 words of copy, 20 required fields, and 12 white paper offers to just 15 words of copy, six required fields and two white paper offers. *(Links to the sample are below).*

RESULTS
After ten test campaigns, "We're consistently seeing higher results almost irrespective of what the offer is," says Marienthal. "We've all been surprised by the consistency of results - when you run tests you expect to see a mixed bag. I can't overemphasize enough the value of segmenting."

Response improvements range from 300% to1,000% higher than HP's average email response rates in the past. And the past campaigns didn't do that badly to start with. *(See the link below to three specific campaigns with more data.)*

Slimming down the email registration form had a dramatic impact -- the conversion rate of visitors to registrants leapt from 2% to 31%.

Marienthal laughs, "My colleague here in Marketing Operations says we should put up a big sign reading 'SIMPLIFY!' on the wall."

Useful links related to this article:

Creative samples related to HP's tests:
http://www.marketingsherpa.com/hp2/study.html

Ernan Roman Direct Marketing - the agency that conducted the research and worked with HP on their targeted email marketing approach:
http://www.erdm.com

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