



# How to Convert Transactional Messages Into Revenue Generators

As a professional marketer, you're no doubt familiar with the proven concept that it costs several times more to attract a new customer than to earn new revenue from a satisfied existing customer. (Five times more, in fact, according to researchers at Lee Resource, Inc.<sup>1</sup>) However, you've almost certainly had the experience of walking into a store or calling a company on the phone, only to find yourself ignored or, worse, treated poorly. These businesses spent considerable capital to lure you in, but when you presented yourself as a ready and willing customer, their processes fell apart.

Of course, you're reading a white paper on improving your business's transactional emails, so we'll assume you wouldn't make those mistakes. Clearly, you know how valuable each customer and email subscriber is to your business, and you treat them as such. But we'll also assume you're now realizing many of the communications you regularly have with your customers — the "transactional messages" you send every day — represent missed opportunities to deepen those relationships and generate revenues. And you're right. This paper will help you **start turning those transactional emails into revenue.**

## THREE STEPS TO GENERATING REVENUE FROM YOUR TRANSACTIONAL EMAILS



To help you build an effective revenue-generating strategy from your transactional emails, we have created a three-step process. These steps will not require large expenditures from your business or consume much in the way of resources. The key to making this process work for you will be your ability to leverage what you already know about your customers. We will also assume that you are, or will be, working with the right **SMTP-Relay** solution, to help ensure your transactional emails are reaching your customers' inboxes, not getting caught by spam filters or bulk folders, and keeping your business on the right side of CAN-SPAM and other regulations.

At the outset, we can make this claim unequivocally: This initial work will be worth your effort. Transactional emails are, for most businesses, an untapped source of revenue-generating gold. We will demonstrate this throughout the paper with often-astounding statistics about the power of properly executed transactional emails. Just one example: According to research conducted by Experian, the average transactional message generates *two to five times* more revenue than a standard marketing email<sup>2</sup>. Ready? Let's get started.



## Step 1: Identify All of Your Business's Transactional Emails

Before you can turn your library of transactional messages into revenue generators, you must first determine exactly which of your standard emails fall into the transactional category.

For our purposes, we'll define a transactional message as an email to a customer, email subscriber or visitor to your site that you send as a direct result of some action the user has taken. These would include welcome emails, signup confirmations or purchase receipts. In other words, when it comes to the emails you send to customers and subscribers, transactional messages will likely include all of the emails you would not classify as marketing or promotional.

So step one in creating your new revenue-generating transactional-message strategy is to list out every one of these messages you regularly send. Here are some typical examples to get you started:

- Welcome emails
- Delivery confirmations
- Invoices
- Password reset requests
- Username/password reminders
- Content downloads
- Contact-details requests
- Receipts of exchange requests
- Account statements
- Shipping notifications
- Order-status updates
- Dropped basket messages
- Thank-you notes
- Coupon deadline warnings

Give this step serious thought. Your typical email relationship with a customer or subscriber might include dozens of such standardized messages, many of which are automated and triggered only by a specific action taken by that customer, meaning you might not even think about them anymore.

## Two Reasons These Transactional Messages Are So Important

Before we move to the next step, it's worth calling out exactly why these emails are so valuable. With this exercise of listing all of your standardized messages fresh in your mind, consider these points about your transactional emails.

- 1) They are an ongoing reminder to customers that yours is a reliable company they can feel comfortable doing business with.

Consider the order confirmation, the “your item has shipped” email, or even the simple thank-you message after a purchase. These emails give your customers peace of mind that their transaction was received and that they are dealing with a reputable company. Generating this trust and peace of mind is a key component in ensuring a customer will want to buy from you again.

This is another reason it is so important to work with the right **SMTP-Relay** solution: If your purchase receipts or shipping updates end up quarantined by a spam filter or in a customer's junk-mail folder, that customer will experience the opposite of the peace of mind your transactional email would deliver: They will worry their order didn't go through or, far worse, they'll lose trust in your company.

- 2) Your customers open and read these messages at incredibly high rates, meaning these emails represent tremendous cross-sell and up-sell opportunities.

Referring again to Experian's recent study on transactional email, researchers found that a typical order confirmation message was opened more than *eight times* as much as a standard promotional email from the same company. Indeed, order confirmations enjoy open rates of roughly 114% — indicating some customers open such messages more than once<sup>3</sup>.

Obviously, your customers consider these transactional messages to be content — content they are eager to read. And if you can use this opportunity to create a relevant marketing message, they might well view that message as valuable content as well.

After all, placing highly relevant marketing messages alongside Internet search results is how Google revolutionized advertising, in such a way that pleased both advertisers and customers.

So how do you create such highly relevant promotional messages within your transactional emails? Good question: On to step 2.

## Step 2: Create Relevant Cross-Sell Messages Within Your Transactional Emails

Now comes the fun part: Creating the right cross-sell messages for your transactional emails. The good news is that you know your subscribers well, and you already have the information you need to craft the most effective messages for the right customers on the right emails.

Consider the Southwest Airlines ticket confirmation. When you print your confirmation, the left portion is purely relevant content: Your name, boarding number, departure time, confirmation, gate number, etc. In other words, it's a transactional message. But look at the right portion: Promotional messages for car rentals, hotels, resort-vacation spots and other Southwest partners.

The screenshot shows a Southwest Airlines ticket confirmation for a flight from Chicago Midway to Kansas City International. The ticket is for passenger EMILY with Rapid Rewards number 5262497880004. The flight is on March 4th at 7:30 PM. The confirmation includes a table of flight details and a list of promotional offers on the right side, including an Avis car rental offer for up to 35% off and an EarlyBird Check-In offer for \$10. The ticket number 5262497880004 is circled in red.

Passenger(s)	Rapid Rewards #	Ticket #	Expiration	Est. Points Earned
EMILY		5262497880004	Feb 9, 2014	0

Date	Flight	Departure/Arrival
Mon Mar 4	422	Depart CHICAGO MIDWAY (MDW) on Southwest Airlines at 7:30 PM Arrive in KANSAS CITY INTL (MCI) at 9:00 PM Travel Time: 1 hr, 30 mins <a href="#">Companion Pass</a>

The airline is able to include such promotional content on its ticket confirmations for two key reasons, reasons relevant to your transactional-email strategy as well:

### 1) The airline has earned its customers' trust.

This is an important point, because cramming marketing notes into a transactional message won't work until the business has earned credibility to do so. But Southwest has — and so have you.

### 2) The messages are highly relevant.

Southwest understands it could quickly lose some of the trust it has built with customers if it slapped ads onto its boarding passes that seemed just an opportunity to take advantage of a captive audience.

So the airline instead includes only highly relevant promotional messages — messages so relevant, in fact, that they could legitimately be seen as content. Indeed, many passengers wait before booking a rental car until they view their boarding pass for any exclusive car-rental deals from Southwest's partners.

This will be our model for embedding promotional messages into your transactional emails.

## Best Practices for Adding Promotional Cross-Sell Messages to Transactional Emails

Following are proven methods of significantly boosting revenue by adding the right promotional content to your transactional messages. Of course, this list is far from exhaustive. Use your creativity.

### 1) Add “recommendations” to your order confirmations, receipts and shipping updates.

When your customers have made a purchase from you, they might want to know what related items you offer. According to research conducted by the ecommerce site ChinaBerry and covered in *MarketingSherpa*, 19% of customers who clicked on a recommendation in a confirmation email went on to complete another purchase<sup>4</sup>.

Examples of methods to do this, and in which of your library of standardized transactional messages to include such messages, are limited only by your imagination:

- ✓ **Thank you for your order;** *we thought you might also like these items.*
- ✓ **Your item has shipped; and based on your purchase,** *we thought you'd like to know that customers who bought this item also bought the following.*
- ✓ **Just a reminder that the 30% discount coupon you downloaded expires this Sunday;** *and based on your browsing history, we thought you might be interested in these items.*



**Important note:** Using the right solution, such as CampaignerSMTP Relay, will provide you with access to highly sophisticated data and reporting on your email campaigns. This means you will be able to dynamically tailor the product recommendations in your confirmations and other transactional emails to customers, as ChinaBerry did, based on such criteria as browsing history, purchase history, products added to shopping carts, etc.

## 2) Include images of your cross-sell items — not just names, descriptions and links.

Email users today expect to see visuals, even in transactional messages from businesses they buy from. Conventional thinking at one time might have been to limit shipping notifications or “thank you for your purchase” notes to plain text, to avoid turning off a customer. But customers today expect simple, intuitive and attractive email messages from vendors.

You can capitalize on this fact by including relevant promotional images in your transactional messages; your customers will likely spend at least a few seconds looking at them, generally giving consumers’ high levels of engagement with transactional emails from a trusted vendor.

Indeed, according to the study “Email Creative That Works”, conducted by an IBM subsidiary, marketers who included images in their emails enjoyed substantially higher click-rates (7.1%) over those who sent all-text messages (only 4.7%)<sup>6</sup>.

## 3) Go for HTML rather than plain text.

In addition to giving you the freedom to create more attractive, image-oriented transactional messages that are more conducive to adding promotional content, sending your customers HTML-coded transactional emails versus plain-text messages also gives you several other benefits, such as:

- Using HTML-based transactional emails will allow you to build in the dynamic recommendation engines we discussed earlier (which you can then use to include attractive, relevant cross-sell product images), business rules such as seasonal-specific selling opportunities and most-likely-to-buy rules based on customer browsing or purchase history.
- Using HTML for your transactional messages also gives you the obvious benefit of an enhanced branding opportunity, to reinforce and strengthen customer relationships.



#### 4) Personalize your transactional email.

This one seems obvious but, amazingly, many marketers miss this simple but rich opportunity to deepen customer relationships — automating their order confirmation emails, for example, to read, “Dear [Customer name]...”

Indeed, JupiterResearch has found that adding personalization to messages can generate conversion rates as much as *three times* higher than those with non-personalized content<sup>5</sup>.

#### 5) Keep your focus on the transaction, not the promotion: Follow the 80/20 rule.

Southwest Airlines often violates this guideline with its boarding passes, which are sometimes split 50/50 between flight details (transactional content) and partner offers (promotional content).

But for emails, we stand firmly by it: You should aim to limit promotional content in your transactional emails to 20% of the message. It should be 80% transactional content — the details your customer is expecting.

This does not mean, however, that your product-recommendation images need to be small so as not to violate your cross-sell's one-fifth of the screen. This guideline is there only to ensure your promotion doesn't consume so much of your email's real estate that you need to sacrifice key details of the transactional side of the message. You wouldn't want to reduce the font size of your estimated delivery date or, worse still, your customer's name to accommodate one more product in your cross-sell pitch. Use good judgment.





## Step 3: Track and Analyze Your Data, to Continually Improve the Relevance of Your Promotions in Transactional Messages

We stated in Step 2 that you already have a great deal of useful information about your customers, information you can use to create highly effective and personalized marketing messages for your transactional emails.

Well, we're assuming you are gathering all of this data. But it's also unlikely that you have reporting and analysis tools built in to your SMTP Relay solution that are sophisticated enough to deliver you all of the intelligence and insights that are locked away in the raw data.

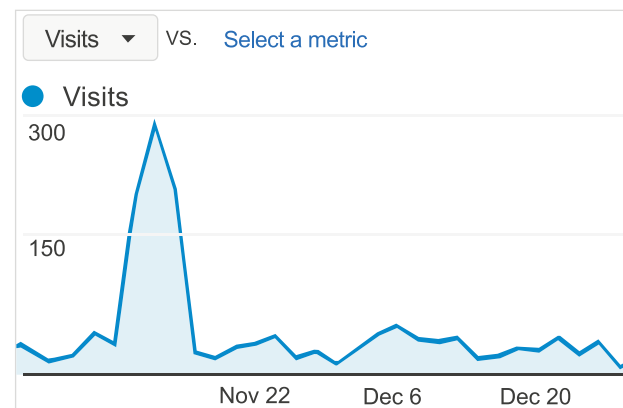
In other words, without the right SMTP Relay partner in place — one with a truly powerful reporting and analysis engine — you will lack much of the insights necessary to make the most of the cross-sell messages you embed in your transactional emails.

And that's Step 3 of the process for turning your transactional emails into revenue: You need to analyze the mountains of data your email campaigns and your customers' behavior generate.

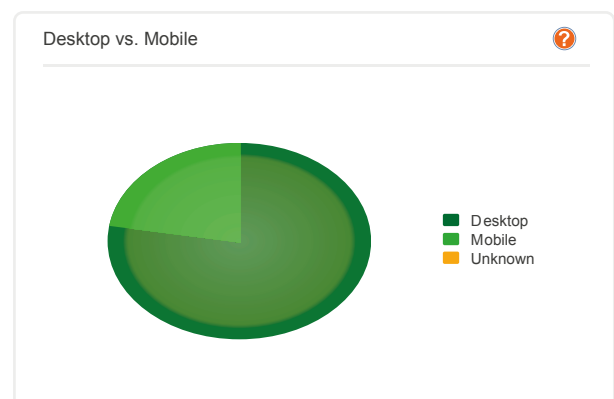
This is where an SMTP Relay solution such as **CampaignerSMTP** can serve as a true game-changer for your email efforts. Unlike any other affordable email-marketing tool available, CampaignerSMTP's sophisticated tracking, reporting and analysis tools can quickly crunch "big data", literally hundreds of millions of email records, to give you the best possible picture of what your customers are doing, what they want, and where and when to deliver them the messages they will find most compelling.

Email Activity			
Total Sent:	<a href="#">243</a>		
Delivered:	<a href="#">238</a>	(97.9%)	
Opened:	<a href="#">59</a>	(24.3%)	
Clicks:	<a href="#">10</a>	(4.1%)	
Replied:	<a href="#">0</a>	(0.0%)	
Click-to-Open Rate (CTO):		(16.9%)	
Click Through Rate (CTR):		(4.2%)	

### Open/Click Rate Reports



### Google Analytics Tracking



### Mobile/Desktop Reporting

CampaignerSMTP's tracking and reporting components record and store every action your customers take regarding your transactional and promotional messages. That enormous list includes:

- Opens
- Click-through rates
- Bounce-backs
- Number of opens by each recipient
- Number of clicks on each link, image, button or other actionable content by each recipient
- Type of device/email program/operating system each recipient used to open your email
- Time and date of open (to the second) by each recipient
- Time and date of each open by multiple-open recipients
- Duration of each open (to the second)
- For purchases made on subsequent open, duration between initial open and purchase

This list could go on and on. The point is, you can derive tremendous value from CampaignerSMTP's ability to monitor all of this activity from the instant you send an email out to a segment of your list, report the activity back to you in real-time, and then crunch the massive raw data it gathers — so you can learn which products to recommend in an order-confirmation email, what time of day to send your deadline-reminder emails to specific customers, and so on.

In short: CampaignerSMTP's detailed reporting and analysis features can act as your partner in crafting the most powerful possible promotional messages to add to your transactional emails.

## TRANSACTIONAL EMAILS ARE REVENUE OPPORTUNITIES



As you were probably already intuiting even before reading this paper, your transactional email messages represent a fantastic opportunity to further connect with your customers and subscribers, and to deliver them promotional content they actually want to read.

So, if you've identified a reliable SMTP relay solution to help you deliver all of these transactional emails, while avoiding junk-mail folders and CAN-SPAM violations (and if you haven't identified such a partner, may we recommend Campaigner SMTP?), we hope you will follow our three-step formula for starting to incorporate relevant promotions into your transactional emails.

First, identify and review your full library of standardized transactional messages (see **Step 1**), so you can then improve them by adding a series of relevant promotional-message templates (see **Step 2**), and then analyze your data to gain insights into which promotions will most resonate with which transactional messages, for which customers, and when (see **Step 3**).

## COMPANY OVERVIEW



**CampaignerSMTP™ Relay** is a transactional message solution from Campaigner Email Marketing and part of publicly traded j2 Cloud Services, Inc., the Business Cloud Services Division of j2 Global, Inc. (NASDAQ: JCOM) — a provider of cloud-based business-critical communications and storage services.

j2 Cloud Services offers Internet fax, virtual phone, hosted email, email marketing, online backup, unified communications and CRM solutions and operates a messaging network spanning 49 countries on six continents.

To learn more about the CampaignerSMTP Relay solution please visit us at [www.campaignersmtp.com](http://www.campaignersmtp.com) or contact us at **877-564-9063**.

To learn more about j2 Cloud Services, please visit [www.j2global.com](http://www.j2global.com).

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