

MESSAGE CLOUD
BY SMARTFOCUS

IMPROVING CUSTOMER
ENGAGEMENT
Through Time-Based Email Targeting



What 1.4 billion marketing emails from retailers can teach us about improving customer engagement and complying with Europe's new data protection rules.

SmartFocus analysed 1.4 billion marketing emails, based on aggregated, anonymised data from major UK-based retailers. The findings shed new light on the best times to contact different categories of customer (age and gender) and how to minimise the number of people unsubscribing from email newsletters and other marketing.

Introduction

Marketers spend billions on attracting customers, yet more than 70% of first interactions with a brand are also the last.

We often read about the power of data. Data, experts say, will be the fuel for the “fourth industrial revolution” – technologies such as artificial intelligence, robotics and designing and creating forms of life, “synthetic biology” that are blurring the lines between the physical, digital, and biological spheres. All companies need to do is capture the right data and understand it.

Many SmartFocus customers already use the power of data to deliver personalised messages to customers: offers based on shopping habits and using recommendation algorithms to fill a customer's shopping basket.

However, what happens when we take a step back and analyse more than 1.4 billion marketing emails sent by SmartFocus customers in 2016 and 2017? What insights can we gain from this a massive, anonymised, dataset?

When are the best times to email your customers? Which days and hours of the day are they most likely to open and read your marketing? Does the age and gender of your customers influence when they're more likely to engage with your business?

With less than three months before new European data rules, the General Data Protection Regulation (GDPR), become UK law, these questions are more important than ever.

The GDPR (see box) will introduce stricter rules about how businesses use consumers' personal data. Under the new rules, which are due to apply in the UK from May 25, consumers in the European Union (EU) must give explicit consent for businesses to use their personal data.

Consumers must "opt in" to receive marketing messages (newsletters, special offers, email and SMS text messages). If a business has been slapdash in obtaining permission to send individuals marketing information and process their personal information, they may need to ask their permission again, or risk breaking the GDPR.

Businesses that relied on pre-ticked boxes on forms or "goldfish bowls" of business cards at conferences for getting consumers' consent to receive marketing, are likely to breach the GDPR.

That could mean being fined up to four per cent of annual global turnover, or €20 million (about £18 million). Plus, there's the hard to quantify cost of damage to their company's reputation if the fine is reported in the media. The stakes are higher.

Companies' databases of customer details are likely to shrink when the GDPR starts. How can marketers do more with less, by minimising the number of consumers who unsubscribe from marketing communication? How can they better engage with those remaining on the list?

In an age where single percentage points make the difference between profit and loss for a retailer or any major brand name, how can marketers improve their most important marketing tool: the email marketing campaign?

OUR RESEARCH PROVIDES SOME ANSWERS.

Executive Summary

The best time of the day for brands to email customers marketing messages is early evening from 17:00. During this time, customers were most likely to read the message and least likely to unsubscribe from future marketing.

This is one of the findings from an analysis of more than 1.4 billion email marketing messages sent to customers (and would-be customers) in 2016 and 2017.

THE RESEARCH ALSO FOUND:

- **The worst time** to send marketing emails was late morning/early lunch, 11:00-12:15. Messages sent during this time got the highest number of customers unsubscribing from the marketing. The marketing messages were opened/read the least, compared to other times in the working day.
- **The best time** for sending e-mail marketing is evening from 17:00. If you email then, you are likely to both benefit from fewer unsubscribes and a “long tail” of evening engagement.
- **The best day** to send email marketing is Tuesday, followed by Monday and Sunday.
- **Men typically** read marketing messages soon after opening them, our research also found. In contrast, women usually read them later in the day/evening. To maximise engagement with customers, brands should send marketing emails between 4pm and 5:30pm for men and between 8pm and 9:30pm for women.
- **Millennial marketing:** The best time to email consumers aged between 18 and 30 is in the morning, up until 12:30. There is a post-lunch, 2pm dip in click-throughs among young consumers, and then a sharp increase in engagement with email marketing between 5pm and 6pm.
- **Golden Years** - Older customers, in their seventies and eighties are most likely to read marketing emails in the day, especially between 11am and noon and 2pm and 3pm. Like the 18-30 demographic, there is less engagement through the evening, although this reduced engagement carries on throughout the night until 9am the next morning.

Email Engagement

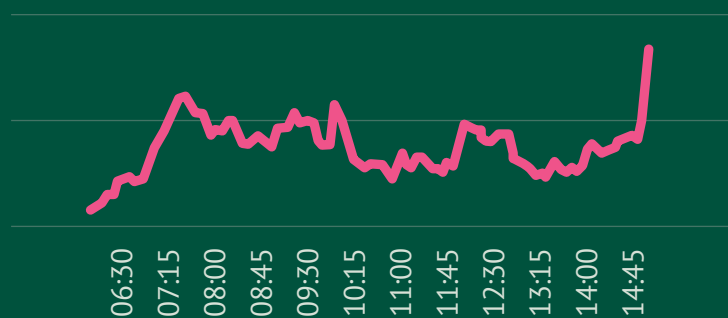
For major brands, email newsletters are one of the primary forms of communicating with their customers. With an engaged readership, receptive to receiving offers, we would expect a high email open rate.

LESSON ONE

Constant email traffic during the day doesn't equal constant opens

Early morning emails tend to be left and opened in bulk between 8am and 10am.

Figure 1 - Emails sent through the day by one major retailer

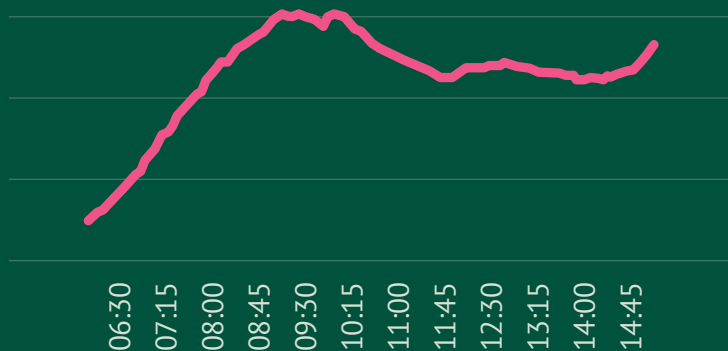


Average email open rate

14%

(Source: SmartFocus analysis, emails sent by retailers in 2016-2017)

Figure 2 - Emails opened through the day



Average email click-through rate

2%

(Source: SmartFocus analysis, emails sent by retailers in 2016-2017)

LESSON TWO

The long tail of evening email opens

All the data was analysed tended to send the bulk of their emails either in the late afternoon or early evening. This resulted in a long tail of opens. Customers opened marketing emails as late as 10pm.

Figure 3 - Emails sent in the evening by one major retailer

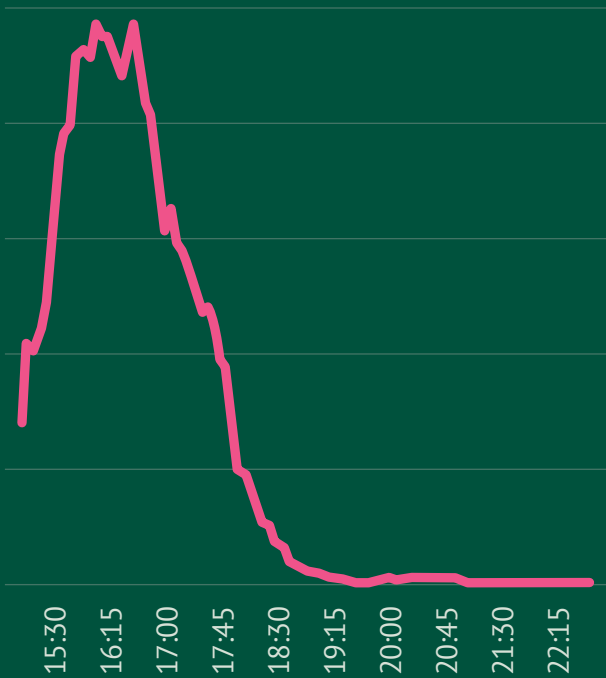
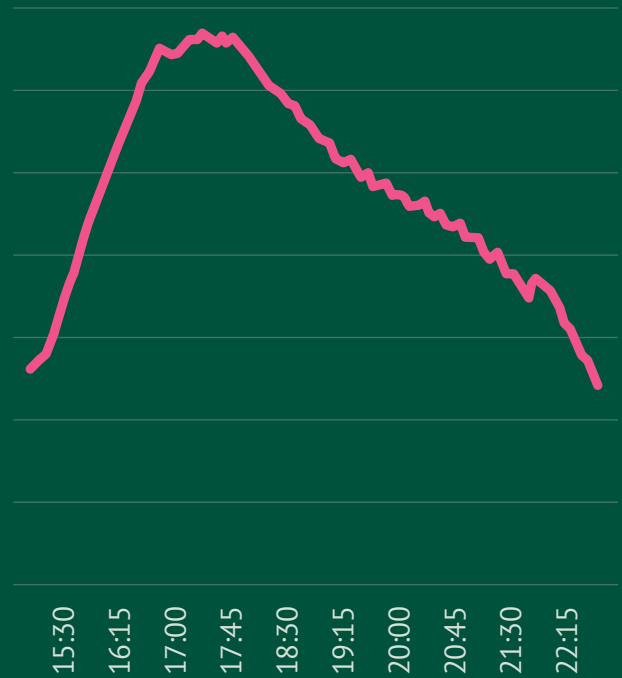


Figure 4 - Emails opened through the evening



LESSON THREE

Lunchtime low - the worst engagement is at noon

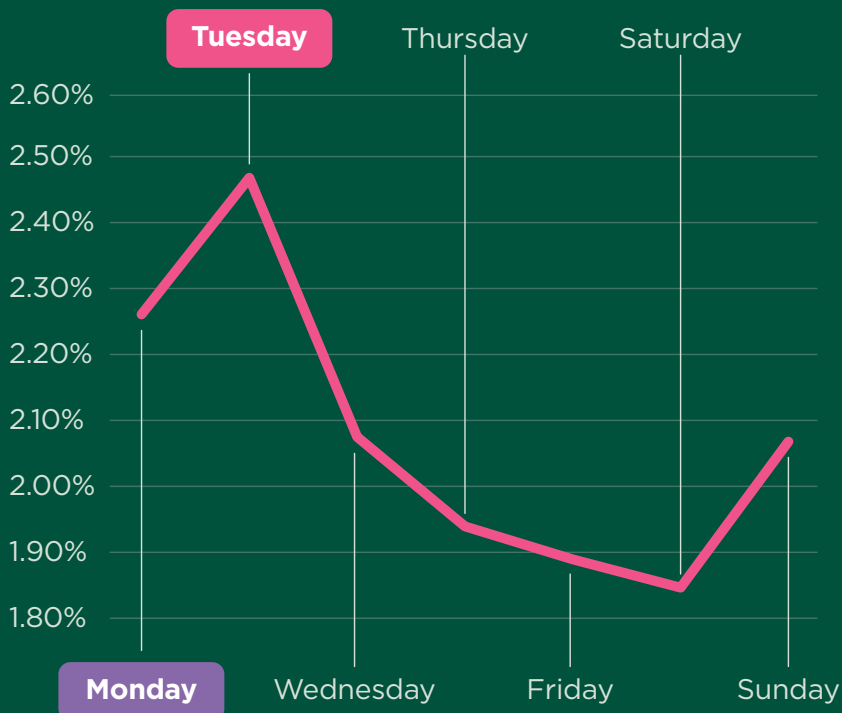
Refer to Figure 2 - Emails opened through the day.

LESSON FOUR

Send emails on Monday or Tuesday for the best engagement

According to conventional wisdom in marketing, between Tuesday and Thursday is the best time to send emails. However, our research suggested that Monday is nearly as good - and a much better time than Wednesday and Thursday.

Click rate through week



Tuesday has the highest email open rate of

19%

(Source: SmartFocus analysis, emails sent by retailers in 2016-2017)

Tuesday's email click-through rate

2%

(Source: SmartFocus analysis, emails sent by retailers in 2016-2017)

Unsubscribers

LESSON ONE

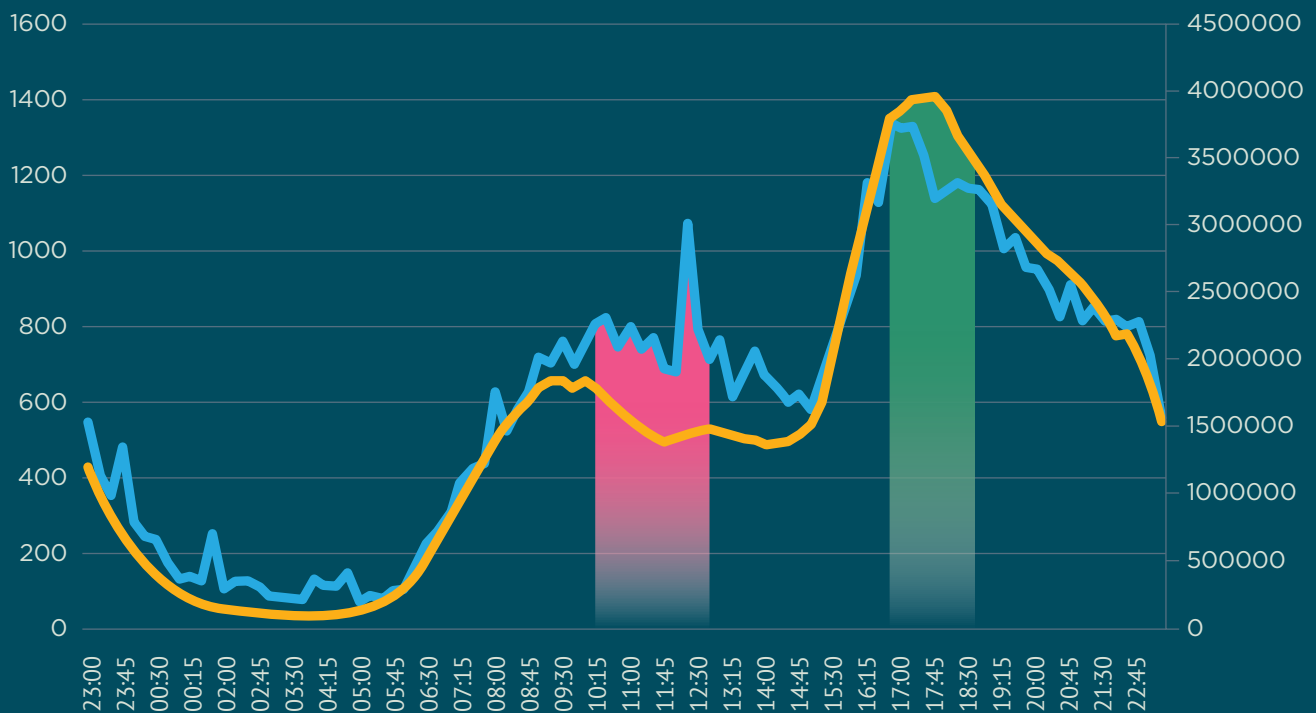
Avoid sending emails between 10:15 and 12:30 if you want to minimise unsubscribes

During this time of the day, the number of customers unsubscribing from marketing communication peaks.

LESSON TWO

Emails sent between 17:00 and 18:30 get the least number of unsubscribes

Unsubscribes



Reaching demographics

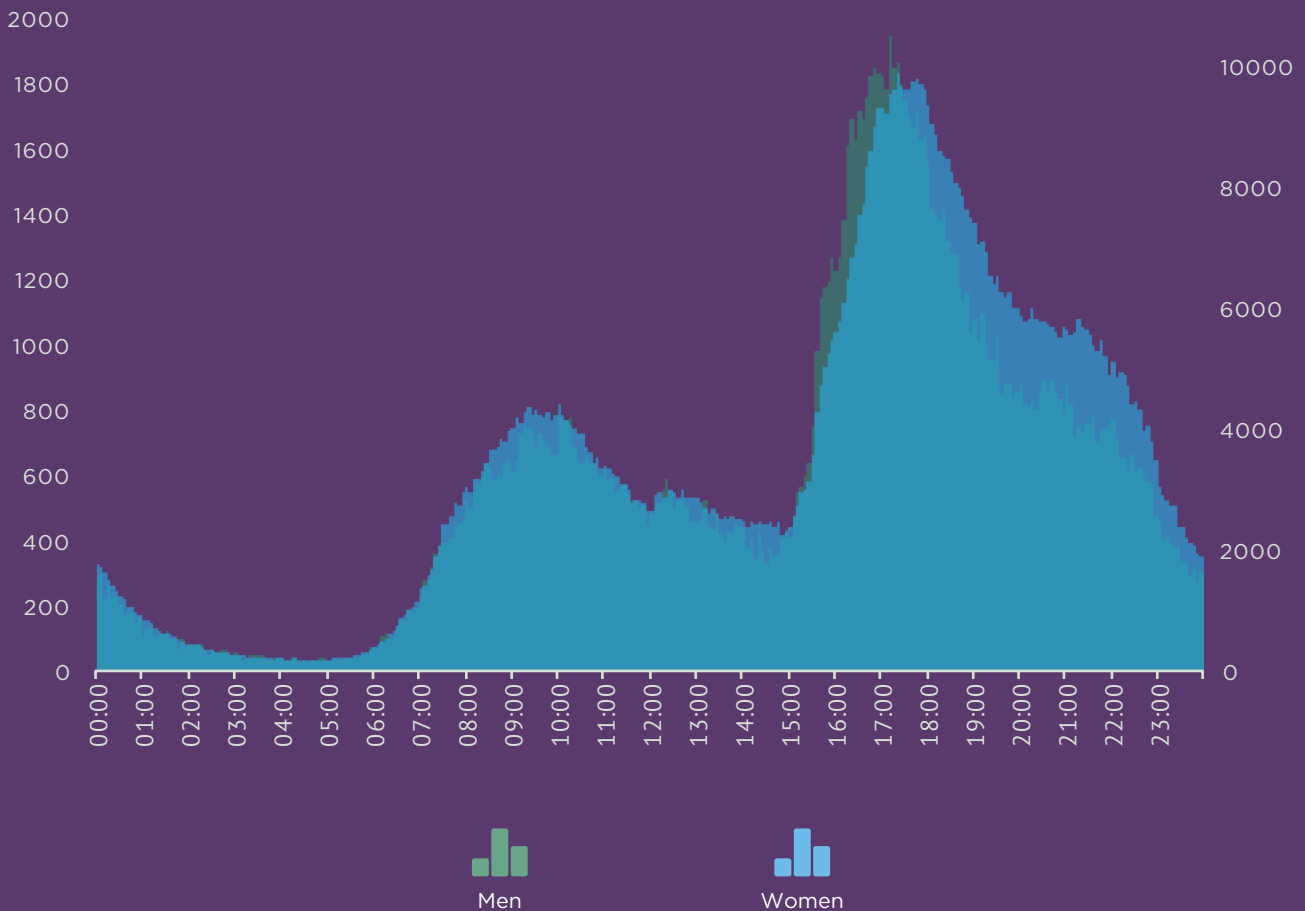
Unsurprisingly, when we drill into age groups, regions and looking at gender there are marked differences.

WOMEN, MEN AND MARKETING PREFERENCES

When we look at email engagement between the sexes, there is a definite trend towards immediate engagement with men. Women tend to engage later after getting emails.

To engage with men, it's best to send emails between 4pm and 5:30pm. For women, it's best between 8pm and 9:30pm.

Email click-throughs - Men versus Women

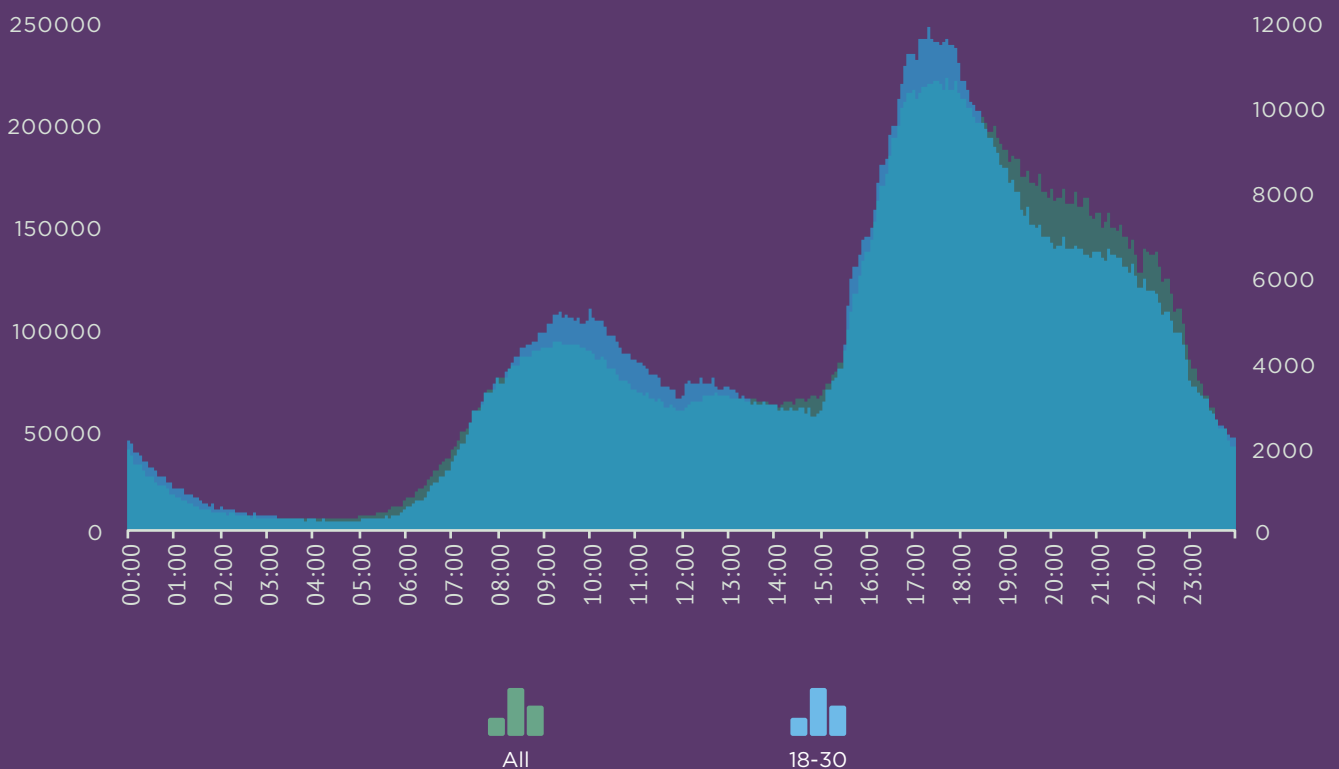


MILLENNIAL MARKETING

Mornings and late afternoons are the best time to engage with young consumers

The youngest customer demographic (aged between 18 and 30) our research analysed prefers to read marketing emails either early or late in the working day. The retailers associated with the data set analysed had more interaction with this group of customers in the morning up until 12:30, followed by a 2pm dip in click-throughs and much more engagement between 5 and 6pm, when they sent most of their marketing emails. After late afternoon/early evening, the engagement of young consumers declined more rapidly than average, compared to other ages, indicating reduced engagement in the evenings.

Email click-throughs - 18-30 versus overall

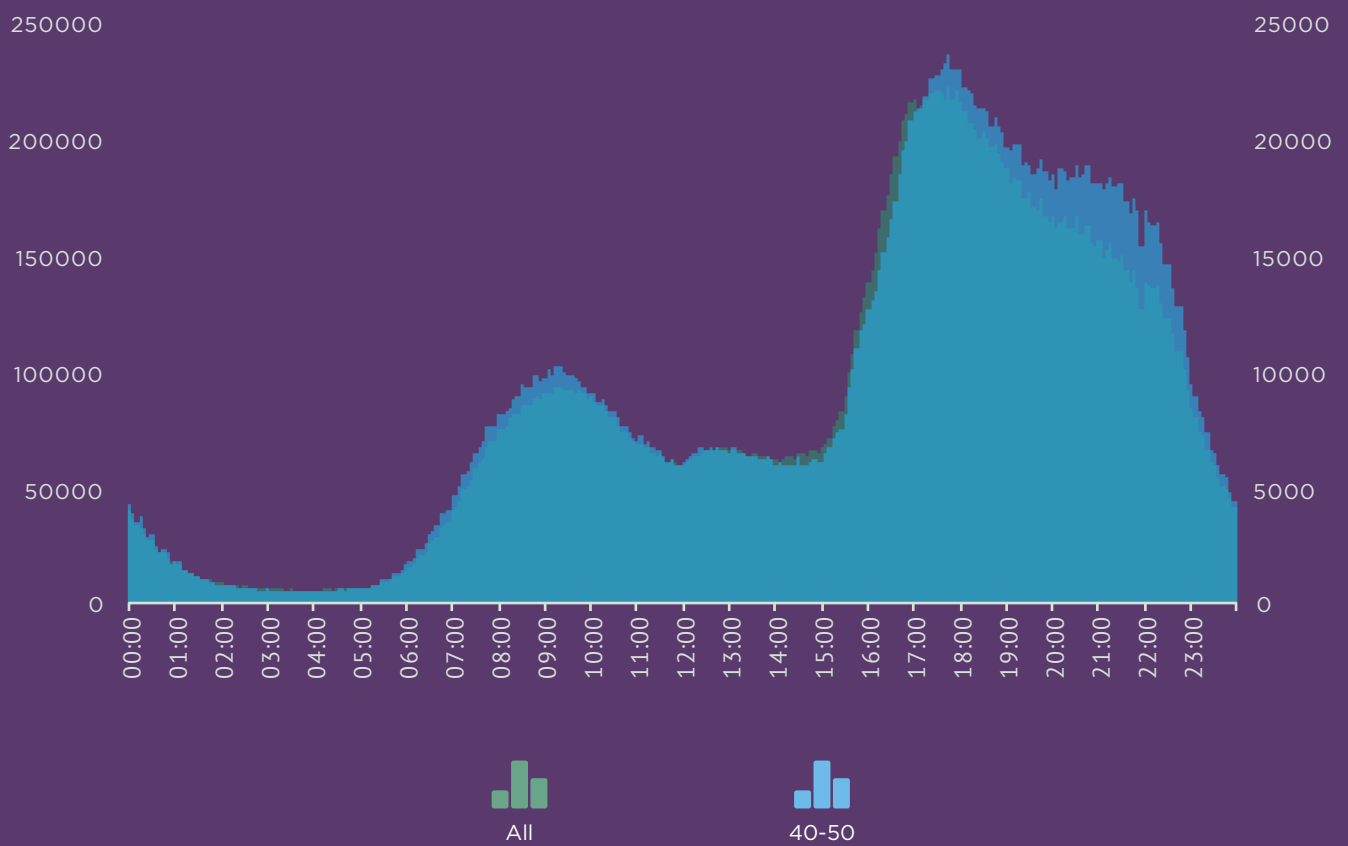


TARGETING WOMEN CONSUMERS IN THEIR 40s

Conversely to the 18-30 year olds, women in their forties have a long tail of evening engagement with emails, and the best time to reach them is between 8pm and 9:30pm.

Mornings between 8:30am and 9:30am are also good.

Email click-throughs - Women 40-50 versus overall

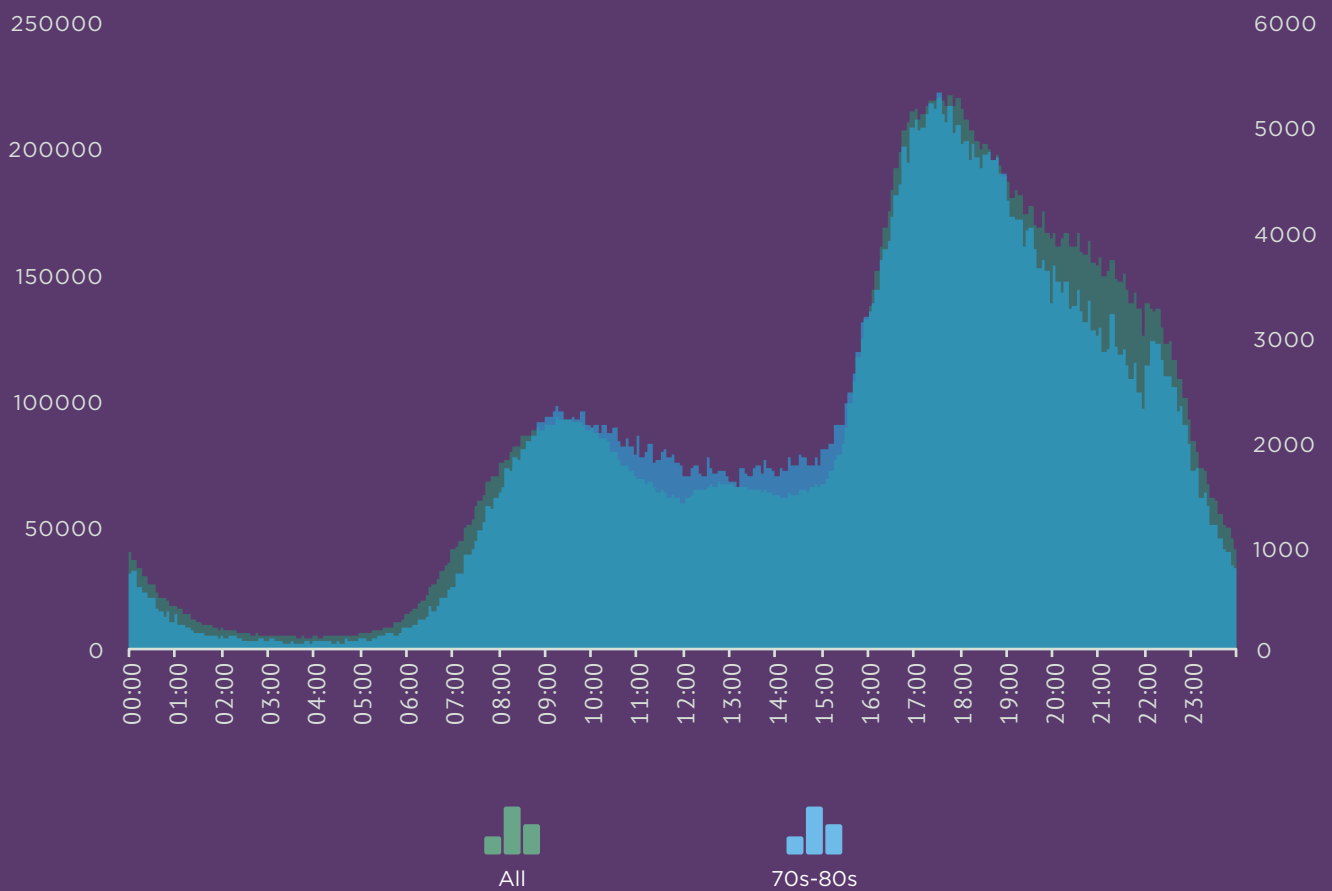


SILVER SURFERS

Different habits of retirees in their seventies and eighties

For older consumers, it's all about the daytime engagement, and the peak time is between 11am-12pm and 2pm-3pm and overall there is less variation through the day. Like the 18-30 demographic, there's less engagement through the evening, although this reduced engagement carries on throughout the night until 9am the next morning.

Email click-throughs - Those aged in 70s and 80s versus overall



Conclusion: The bright side of data protection

Like taxes, new business regulations are rarely popular.

But there is a positive side of the GDPR for brands and consumers. Improved regulation of personal data will give consumers more control over who can contact them and for what purpose.

It will deepen the relationship with brands. For their part, they can use the GDPR and its stricter rules for giving consent to receive marketing, to improve the quality of their customer databases. Out go consumers who probably aren't interested in ever buying the goods and services of a given brand name. Decent sales prospects remain.

Marketing can be personalised and timed better to increase the likelihood that customers will read the messages - and reduce the number who unsubscribe. In the long term, for well-prepared brands, the GDPR will be more of an opportunity than a hassle.

GDPR: a quick guide

What is it?

The General Data Protection Regulation (GDPR) aims to protect all European Union (EU) citizens from privacy and data breaches “in an increasingly data-driven world”.

It'll replace Europe's current data protection regulation – the 1995 data protection directive, which the UK government enacted through the 1998 Data Protection Act.

When does it come into force in the UK?

It will become UK law on May 25, 2018. It will be the biggest change in European data-protection law for 20 years. The law will still apply, whatever happens after the UK leaves the EU.

How is it different to the current data-protection law?

The principles are the same but there are some new requirements:

Bigger fines

Organisations holding EU citizen's data can be fined up to four per cent of annual global turnover, or €20 million, for breaching the GDPR.

Consent

Rules for getting individuals' permission to store their “personal data” will be stricter.

Personal data is defined by the GDPR as any information that can be used to identify a person, either directly or indirectly. It can be anything from a name, a photo, an email address, bank details, posts on social networking websites (including pseudonyms), medical information, or a computer IP address.

Individuals must give organisations “explicit” consent to use their data, says the UK's Information Commissioner's Office, the UK's information privacy watchdog.

Ask for permission to use someone's personal data in clear and simple English.

Keep your consent requests separate from other terms and conditions. Be specific about what you will use the personal information for (e.g. for sending the person special offers, information about products and services; will it be shared with other “third party” organisation, who may contact the person?).

Consent for a business to use someone's personal data must be separate from other terms and conditions. Keep a record of requests to keep and process individuals' personal data.

Can your business prove that a customer has given “informed consent” for their personal information to be stored and used for marketing? If your organisation's procedures for data consent aren't rigorous enough for the new law, you may need to re-ask your customers for permission to use their personal data.

The right to...

Consumers have the right to ask a company what data they hold on them, what they do with it and request for it be erased, known as the “right to be forgotten”. They can also ask for it to be corrected, if they feel a mistake has been made or if it is inaccurate.

A wider scope

The GDPR applies to all companies processing the personal data of people residing in the EU – regardless of the company's location, or whether the personal data is processed outside the EU – for example, online in the cloud.

Compliance in five steps: Get ready for the GDPR

(source: The Information Commissioner's Office and SmartFocus)

1. Awareness

Check that decision makers and key people in your organisation are aware that the law is changing to the GDPR. They need to appreciate the impact it's likely to have and identify areas that could cause compliance problems under the GDPR.

2. Appoint a data protection officer

Large companies and public bodies are required to appoint a "data protection officer". Whatever your organisation's size, it's useful to have someone to coordinate compliance with the GDPR and liaise with the Information Commissioner's Office (ICO).

3. Do a review of personal data held by your organisation

Document the personal data you hold, where it came from and who you share it with. You may need to organise an information audit across the organisation or business areas.

Personal data will be stored in various formats. It could be postal addresses from sales contacts, telephone numbers from competition entries and online enquiry forms, address from competition entries or social ID tags and emails from online polls.

If you have inaccurate personal data and have shared this with another organisation you must tell the other organisation about the inaccuracy so it can correct its own records.

4. Communicating with customers

When you collect personal data you currently must give people certain information, such as your identity and how you intend to use their information. This is usually done through a "privacy notice". Under the GDPR, this privacy notice must include the "lawful" basis for processing someone's personal data (your business will need to comply with at least one of six criteria for lawful processing, including consent and "contract" – processing personal data is required as part of your contract with a customer). Businesses are legally required to use concise, easy to understand and clear language when communicating with customers about the GDPR.

5. Get consent for your email marketing

Review how you seek, record and manage consent and whether you need to make any changes, including asking existing customers for permission to carry on communicating with them, or changing your procedures for getting consent to send marketing information to customers.

Consent must be "freely given, specific, informed and unambiguous", the ICO says.

There must be an opt-in. Consent cannot be inferred from silence, pre-ticked boxes or inactivity. It must also be separate from other terms and conditions. You must have simple ways for people to withdraw consent to be on your marketing list.