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E-Mail Still Rules

An Interview with Chad White, Head of Research, Oracle Marketing Consulting

Chad White:

Chad White is the Head of Research for Oracle Marketing Consulting and the author of "Email Marketing Rules".



It remains the Rodney Dangerfield of marketing channels. Taken for granted as a low-cost tool. Often underfunded. Given minimal resources. And certainly, treated with little respect, especially relative to other, more glamorous channels, like TV advertising, or even social media. Yet, amongst all digital channels, email marketing still rules.

Most marketers today cite email marketing as their preferred channel – ahead of organic search, paid search, content marketing and social media. In a recent study by the Association of National Advertisers, it ranked as the top campaign channel. And more than half of marketers are planning to increase email usage over the next year.

Email marketing has stood the test of time. And no wonder. It is affordable. It is customizable. It is measurable. It is extremely effective, done right. It is the best way to engage customers, whose opt-in permission has been secured. And the ROI is unbeatable: for every \$1 spent, it generates a return of \$36.

So why so little respect?

It may have something to do with its antecedents. Email's use as a commercial messaging platform only became common in the mid-1990s when people started to get their own personal email address through their ISP provider. But it really took off in 1996 when free web-based email services like Hotmail led to hyper-growth in the addressable audience. We all know what happened next: inboxes were soon flooded with unsolicited offers. As complaints about "spam" reached a shrill pitch, regulators and mailbox providers were forced into action. Unwanted emails were blocked out by "junk mail" filters – bad actors were blacklisted – the term "permission marketing" came into vogue – and eventually governments responded by ushering in consumer protection legislation like CAN-SPAM in the U.S. and CASL in Canada which made opt-in consent mandatory.

That early "batch and blast" era left email marketing with a tarnished reputation. Recognizing the threat to deliverability and the risk of being exiled to the "spam folder", mainstream marketers responded by improving email protocols and practices. Today email is used extensively to facilitate transactions; promote special offers and new products; inform customers of news and events; and drive brand engagement. Advancements in technology have made it easier for marketers to create more interactive "in-box" experiences. And with readier access to all kinds of customer data, marketers are able to offer more personalized, relevant and contextual content.

In fact, email marketing may soon emerge from under the shadow of other digital channels to take the lead in steering the customer journey. But first marketers have to stop thinking of email as an independent channel. They need to design more integrated workflows based on subscriber interactions. And they need to overcome new

constraints, such as Apple's Mail Privacy Protection which makes it harder to know whether messages are actually being opened. Still, email marketing has faced many other dire predictions in the past and survived (Remember when Facebook Messenger was going to be the ultimate email killer? Slack?) Which is why Chad White is more bullish about it's future than ever. A recognized expert on email marketing trends and practices, he's served as lead researcher for many of the world's largest email service providers, including ExactTarget, Salesforce, Responsys and now Oracle. His book, "Email Marketing Rules" is now in its 3rd edition. And several years ago he was named the Email Experience Council's Thought Leader of the Year. So Chad White has a strong historical perspective on the evolution of email marketing and a deep appreciation for its versatility and resilience as a marketing tool.

I started by asking him what makes him so passionate about email marketing.

CW

So, I mean, you're right, I'm a journalist at heart. You know, I have a master's in journalism. And I think, like a lot of journalists, like, I'm attracted to change. And e-mail marketing is one of these fields that, despite, like, some naysayers that say it hasn't changed much, it's changed dramatically. I mean, during just the 15-plus years that I've been in this field, there's just been tremendous change. And that's the thing that keeps me, like, in love with e-mail marketing, is this constant change and this constant reinvention and the constant need to adapt strategies. And, you know, that's on top of just the changes in consumers, which is enough to keep anybody busy, really. But there's been tons of technological change, tons of sort of cross-channel interaction changes, and then changes within, like, e-mail itself, both on the mailbox provider side and on the ESP side.

So, there is no shortage of change. You know, I sometimes hear some of my peers, like, you know, kind of, you know, who also do, like, a lot of writing like I do, like, kind of fretting about, you know, "How am I going to find new ideas for things to write about?" And I occasionally have, like, kind of dry spots where I wring my hands a little bit, but for the most part I feel like there's, like, a really steady flow of things to talk about. And, you know, last year I had all of these plans for things to look into, and then Apple comes along with Mail Privacy Protection. And that essentially, you know, has taken

up...like, it destroyed my content plans for the rest of the year. And, you know, we turned and pivoted and talked about MPP for, like, pretty much the rest of the year, and we're still talking about it now.

And... you know, and again, for me, like, that's the exciting part, is the change and the need to, like, critically re-examine what are we doing, why are we doing it, you know, is there a better way, you know, what are the options, what are the pros and cons. I like to think I have a fairly analytical mind for, like, sort of breaking down, all right, what are all the different paths you can choose. And as much as my book sounds like it's, like, dictating what people should do, it's hopefully more about laying out what are the choices that you have ahead of you, what are the different directions you can go.

SS

Stephen Shaw (SS): Well, it's almost become a Bible of the industry, too. It's a really good go-to reference source for e-mail marketers, whether you're new to the field or, you know, a veteran, although that... Well, let's talk about this a little bit, the legacy of e-mail marketing. You know, in some respects, it's the Rodney Dangerfield of marketing, it doesn't get a whole lot of respect. But it's certainly been a workhorse for most marketers, it's certainly endured over time. Yet today, you know, people largely communicate through text messaging if they really want to talk to their friends and family. What accounts for e-mail's, you know, continued utility and popularity?

CW

Chad White (CW): Yeah. Well, you kind of hit the nail on the head when you talked about, like, texting. That's how people communicate with friends and family. That is a huge, huge... And it's the same way we often use a lot of social, as well, is to communicate with friends and family. But that's not what we're talking about, we're talking about brands, how do brands communicate with people and how do people want to communicate with brands. And survey after survey, year after year after year, e-mail has been that way that consumers prefer to interact with brands. I think it's sort of foolish any time we have, like, a new social media platform come out, you know, when TikTok comes along and Snapchat and stuff, like, the first thing marketers try to do is crash the party. Like, "Oh, look at all these people having fun with their friends. How can we burst in the room and grab their attention and do something outrageous and, like, try to hijack the conversation?" And... you know, and that's

fine, I suppose. We like to go where the audience is. And I think that sometimes that's to our detriment because we just see audience in terms of, like, sheer numbers. And with e-mail marketing, I like to say, like, this is an audience that's receptive and that...like, that actually wants us there.

And so I think that's one of the, like, things that's really powerful about e-mail marketing, is that it's a place where we are actually wanted. And there's lots of places where marketers are constantly sort of butting in and, like, swimming upstream. Like, and that's...again, I feel like that's fine. Like, marketers need to kind of, like, push and stuff. But e-mail marketing is one of those places where you don't have to swim upstream. Like, we're accepted. And a powerful channel with tons of capabilities, evolving toolsets, great at personalization, great at segmentation, great at automation. Like, amazing, amazing capabilities that are constantly growing. That's one of the things that I think is really amazing about it and super attractive. But it all kind of comes down to consumer acceptance. (10.18)

SS

Well, and there's a rub, isn't it? Because that intrusive mindset you're describing, you know, bursting into the party uninvited, if you will, is why consumers respond to a lot of it as spam. The good e-mail marketers treat it more as a relationship tool, don't they?

CW

I think there's been evolving thoughts about the e-mail channel. And for me, it's... the best way to think about it is as a conversation. That, you know, you're in this relationship, you know, it starts with permission, and then you begin this dialog. And it's kind of a fractured dialog, for sure. This has been one of the things that has very much frustrated me about Apple's Mail Privacy Protection, is that I feel like they've now put barriers between us and our subscribers to have that conversation. You know, in my mind, opens are, like, a conversational nod, it shows that people are paying attention to what you're saying. It doesn't mean that they like it, but it shows that they're paying attention. It may mean that they like it. Certainly, there are stronger signals, like clicks. But I feel like Apple has, like, sort of put up this brick wall between us and our subscribers, and now we can't see those conversational nods anymore. So, we have to either wait and, like, hear the clicks or we have to wait until they step out, you know, from behind that wall and engage us in another channel.

But, yeah, I very much see, you know, e-mail marketing as

a relationship where, you know, we send something, our subscribers respond in some fashion, either by doing nothing, which is absolutely telling, or by doing something. And then we should be constantly changing our messaging, our cadence, based on that. And it's this back and forth, back and forth. And the nice thing is that, again, our capabilities keep growing and growing and growing. And things like, you know, AI and machine learning are going to really enable us to take that conversation to the next level, you know, over the next decade, for sure.

SS

You've been a student, if I may describe you this way, of this industry for 20 years or so. Like, you've been hands-on in many cases, earlier in your career certainly. Looking back... And certainly, there's been a lot of change over the last 10 years. But looking back, what do you see as the major inflection points in the growth and evolution of the industry?

CW

Yeah. I do get really annoyed when so-called, like, digital marketing experts talk about how, like, "Oh, e-mail hasn't changed in 20 years." It seems like, for me, just absolute confirmation that they have no idea what they're talking about. So, I gave a webinar with the DDMA in the Netherlands. And I started off... It was all about, like, these three mega trends in the e-mail marketing industry that are really shaping things, the pandemic, MPP, and the end of third-party cookies. And I started off that presentation by talking about all the ways that e-mail marketing had changed over the 15-plus years that I had been in the industry.

And so, for instance, some of those changes include the arrival of smartphones, smartwatches, and voice assistance for reading e-mails. The arrival of CASL, GDPR, CCPA, so lots of laws. Engagement-based spam filtering was not a thing 15 years ago. Advanced analytics, AI, machine learning, predictive analytics, omnichannel orchestration, not a thing. Dark mode, modular e-mail architecture, list unsubscribe, DMARC and [inaudible 00:13:43], annotations, schema, JSON for, you know, controlling envelope content, AMP for e-mail, CSS-based interactivity. That's a really long list of, like...and there's more, but, like, those are certainly the highlights. And those are major, major changes.

So, if I had to nail...like, if I had to focus that list on the changes that I thought were the biggest, I would say smartphones, for sure. Because now e-mail is mobile, it's with you all the time. You know, it's not...it doesn't have the

same immediacy as SMS, for sure, but it is always there. So, when someone is shopping in a store and they're concerned, "Am I getting the best deal?," they can call up their e-mail, they can search for the brand...you know, for the store they're shopping in and they can see, "Hey, what are those latest offers? Let me make sure I'm getting exactly what I want." Or is it an opportunity to shop another brand that might carry that same product. So, the immediacy with smartphones and e-mail is super powerful.

The next one, better laws. I am not a fan of CAN-SPAM. I know that here in America we like as little regulation as possible. I think CAN-SPAM has done just tremendous harm to e-mail marketers because it has set exactly the wrong expectations for how to succeed. Because we are really not an industry that is governed by laws, we're really governed by consumers and by the mailbox providers. And CAN-SPAM, if you were just to follow the letter of that law, you would just be blocked all over the place, you would have a dismal e-mail marketing program.

And so I think, on net, things like GDPR are way more in line with what consumers expect from us. And I know that there was a ton, a ton, of reaction to GDPR. I think it was notable that when CCPA came along, that that reaction was way more muted. I think that it was fear that drove the reaction to GDPR and I think now the industry has largely accepted that this is actually a good thing. You know, respecting consumers, being in line with their expectations, that's a big plus for us.

And then the third one I would say that's really huge is engagement-based filtering. So, it used to be that if you just sent e-mail and people didn't complain, you were good to go and your e-mails landed in the inbox. And, well, marketers gamed that. So, we bulked up our lists full of tons of people who wouldn't complain, but didn't really engage, and we use that to drive down our spam complaint rates so that we can continue to get to the inbox. And Gmail in particular, and then others, figured out, you know, what we were doing. And now they require us to, you know, actually send stuff that not only doesn't, you know, irritate our subscribers, but they actually engage with in a positive way. Which is, you know, again, exactly what we should be doing.

And so that's been really, really powerful and has caused this shift from, you know, quantity to quality. You know, which,

frankly, like, that's how most businesses run anyway, right? You know, it's the 80-20 paradigm, you know, where your business is really driven by, you know, a relatively small group of customers. And the same thing is true with e-mail. You know, your e-mail marketing success is largely driven by a relatively small group of subscribers. So, engagement-based spam filtering, I think, has also been a major, major, major sea change that's also slightly under threat from MPP, unfortunately. We'll have to see how that all plays out. (17.45)

SS

So, I know when we think of e-mail marketing, we tend to think of promotional e-mail. We talked about this earlier, relationship-building through e-mail communications. The rise of content marketing, its popularity is certainly, from my standpoint, I don't know if you view it the same, but certainly to me an inflection point, the idea that content matters, that quality content matters. And e-mail is often the primary delivery vehicle to at least draw attention to the content. Is that fair to say?

CW

I think that's absolutely fair to say. There's...it's a beautiful relationship between e-mail marketing and content marketing. That's a great tandem. I remember years ago, I think it was The New York Times, their newsletter team, someone there said that, like, you know, the e-mails they send out are, like, the personalized home pages for their subscribers. And I think that's, like, a really beautiful way to think about it. Like, that's what we should all be sort of striving to do, is, you know, take... Especially for media companies, for retailers in particular, for, any content company where you have lots and lots of content, being able to get the right content in front of the right people, that's e-mail marketing. Like, you know, that's a fantastic use for that.

And so, yeah, I think that quote from The New York Times is...really speaks to the value that e-mail can deliver, you know, of getting that right content in front of the right people to really, really engage them. Because obviously there's tons of stuff. You know, I'm a New York Times subscriber, there's tons of stuff they publish that I'm not super interested in. So, being able to get the right stuff in front of me is powerful.

SS

Well, as a reader, being able to segment the content according to your interest and focus has been, you know, a tremendous development within the publishing industry, frankly. And we have a whole, you know, e-mail newsletter industry, you know, people creating their own newsletters and sending

them out and building their own audiences, etc., has been a tremendous extension of the discipline, as well.

CW

Absolutely. (19.48)

SS

I want to ask you about what makes an effective e-mail program. A lot of focus on the technology and the roles, etc. What, in your view, in order of priority, let's put it this way, would you feel are the most important things to get right? You've got design, you've got content, we were just talking about, we have list quality, audience depth, segmentation, timing. A lot of stuff goes into a successful program. How would you rank them? What, in your view, are the most important things to get right for a successful program?

CW

Well, that's the big question. So, I mean, that's part of why I keep writing new versions of Email Marketing Rules, because there's more stuff to be concerned about. So, one of the frameworks in my book is called the "Hierarchy of Subscriber Needs", and it's sort of these four layers. And it starts by creating respectful e-mail experiences, and that's everything to do with permission. And then the next level up is functional e-mail experiences, and so that's sort of, you know, design, QA, making sure that, like...you know, inclusive design, so things that make your e-mail accessible and functional to everybody. And then it's valuable experiences and remarkable experiences, which are about the content and the value that you deliver.

So, you do have to kind of get the basics right. Because otherwise that high-value stuff that I think we tend to focus a lot on and talk about a lot, you know, obviously things like personalization and AI are, like, really, really hot, but that's the top of the pyramid, that's the upper half of the pyramid. And frankly, it doesn't matter at all if you're flubbing everything underneath. If you've got poor permission practices, your unsubscribe process is unfriendly, if you're... you know, if you're not optimized for dark mode, if you're not accessible, if you're not, you know, using inclusive design. There's all these places where you create friction before you even get to the content.

You know, I would have everybody make sure you've got the basics right. But in terms of, like, what's the most important, I think it really, really varies. And I think sometimes, as an industry, we sort of get clouded by, you know, what our own areas of expertise are. So, certainly, my roots are in, like, media and retail. And I have to always kind of check myself,

you know, to get out of my retail mindset and think about other industries and how they might have very different goals or operate very differently. And I think I've gotten pretty good at that, but for a long time I was not so great at that.

And I think that's really important, is, like, what are your goals with your e-mail marketing program. You know, first of all, start with your goals for your company. Like, what are you trying to achieve? And then how could e-mail be a part of achieving that success? And then, all right, what kinds of campaigns can we do that align with those goals? So, I mean, I would say start big and, like, start with your company and your business goals, and then narrow it down to program goals, and then try to craft a campaign that do those things...

SS

Well, that's really strategy, isn't it?

CW

Yeah. But sometimes we kind of, like, you know, we jump past a bit of that.

SS

Of course we do. And that's what frustrates me, people jump right over the strategy part, get into tactics, and get into trouble as a result of that.

CW

Yeah. So, you know, it's great to see what other people are doing. I think that's a fantastic way to get inspired. But make sure you're focusing on what you need to do and what's right for your business. Because e-mail can do all kinds of things, right? It can generate, you know, direct sales, you know, for folks like retailers, it can generate, you know, great engagement for, you know, content companies, and it can help with, like, retention for subscription-based companies. So, make sure... There's not one way to use it.

SS

Well, and isn't that a bit of the challenge for organizations, is that there's some fragmentation going on here? You do have transactional e-mails, you have promotional e-mails, you have newsletters, you have a lot of different originators, if you will. Do you see that as being a struggle for organizations, that they really haven't figured out a way to make their programs more coherent or cohesive even?

CW

I think it gets more challenging when you start talking about omnichannel, I think that's where things can really start bumping heads. I think within e-mail marketing programs, I think there's less tension between, newsletters or promotional e-mails, and then, say, automated e-mails or transactional e-mails. I think there's less friction there. There's...I had an interesting conversation recently about...you know, with some colleagues. And it was sort of

about, like, we've gotten to the stage of e-mail marketing development where some of these, like, really whiz-bang, powerful tactics can get overused. So, for instance, like, overusing segmentation to where you're actually segmenting out some of your less engaged subscribers that might... you might still have a chance to engage. So, like, being too targeted. And I feel like there's definitely risks with personalization in the same way, right? Like, I mean, I feel like we see that already, you know, in platforms like YouTube that just feed you, like, the same...like, you know, one degree off from what you've already engaged with. And what we lose there is discovery. And so I think there's a potential risk of overdoing those things. You're always going to need, you know, curation and getting sort of new things that, you know, may or may not hit. But, like, that's the thing that feeds the automation, right?

So, you really need broadcast e-mails. There's a bit of a... you know, this kind of slamming of, like, what we call sort of batch-and-blast e-mails, which is what broadcast e-mails are. And absolutely batch-and-blast e-mails have been overused historically. But I hope that rhetoric doesn't make people think that you shouldn't be sending broadcast e-mails that, you know, are for everybody and speak generally. You know, this kind of curated message, this one-size-fits-all message is still really valuable because you need to send a good amount of those for your subscribers to raise their hand and say, "Oh, wait. That's the bit that I'm interested in." And then other subscribers will say, "No, no. Well, this other bit, that's the part I like." And then you follow up with segmentation, you follow up with automation. And, you know, you kind of, like...you know, you take that subscriber into that kind of sidebar conversation where you go deeper.

So, you need all of these tools. So, it's kind of an interesting way of kind of thinking ahead that might actually become so sophisticated that we actually do ourselves harm by getting too fancy and using too much personalization and segmenting too narrowly. (26.56)

SS

Where do most marketers today have trouble with e-mail marketing, where do they run into trouble? Is that data corralling and quality, is it deliverability, is it inbox clutter? Where are the trouble spots that you see most marketers run into?

CW

Well, I think one of the big areas is metrics. I think, as an industry, we focus way too much on campaign-centric metrics. You know, sending a campaign, seeing how that campaign did, and then moving on to the next campaign.

I really, really wish I could remember who said this, but years and years ago in my past life as a journalist I was at a conference and someone said that... It was a retail conference. And so the speaker said that, you know, the retailers of today view their products as their inventory. So, they're trying to find...trying to get their products in front of people. And, like, tomorrow's retailers recognize that their customers are their inventory. And so the goal is really sort of the opposite, is that you have this audience of people and it's about finding the products that they want to buy rather than, "I have these products, I need to find people to buy these products." And I thought that was pretty profound. I think that's the way that every business should operate. And I think that there were some really nice moments early in the pandemic where you saw some brands recognizing that.

So, for instance, like Edible Arrangements, they realized that, "Hey, some of our customers are, like, having trouble getting food. And so we'll sell the fruit that we use to create our arrangements." And so they were just selling boxes of fruit. Is that off brand for them? Maybe slightly, but they saw a need among their customers for that product. I thought that was great.

Panera, I think, is another one that pivoted. And they started to sell, you know, bread and, like, sort of acting like sort of a mini grocery store, where they would sell staples, like, you know, milk and butter and bread and other things.

In my mind, that's super smart. That's the way to think about your business, is not, "I'm buying these products, now I need to find people to buy them." It's, "I have this customer base. What do they want to buy? What do they need? And what, you know...and how does that align with my company?"

SS

So, but just back in terms of the actual success of a program. You talked about metrics. Is the issue there that marketers look at metrics from the wrong perspective, that they're worried about the activity metrics that, frankly, no one in the senior parts of the organization care about? What metrics should marketers be focusing on, if that's the case?

CW

Yeah. I mean, the honest truth is that you need to pay attention to all the metrics. You know, campaign metrics are important, the problem is that we've given them too much weight and we've looked at them to the exclusion of other things. You're right, there's... The way that I like to think about metrics is in a few different buckets. So, there's, like, sort of these channel campaign metrics, so that's like your opens and your clicks. And, you know, those are important for seeing how one campaign did versus another campaign. There's channel health campaigns, so that's things like your bounce rates, your unsubscribe rates, your complaint rates. You know, those are important. But to your point, you know, business executives don't care about really any of those, right? They don't care about the channel health, although you need to maintain channel health to have success. And they don't really care about the campaigns that much either. I mean, what do they care about? They care about sort of top-line numbers. You know, or at least they should. They should care about, you know, "How much revenue is it bringing in? How is it helping us retain, you know, our subscription clients?" things like that. And I think the smart companies are also focusing, again, on the sort of, like...you know, the customers are inventory and looking at things like customer lifetime value, which is a metric that I truly love. I feel like it should be everybody's North Star. And it's a small but growing number of brands are tracking that, I think we're somewhere like in the mid-teens of adoption of that metric. (31.33)

SS

Yeah, we use the term here, which is a more encompassing measure, of customer health. Which is really a composite index of CLV amongst other key measures, loyalty being, obviously, another one.

CW

Yeah. I sometimes talk about subscriber lifetime value, so kind of zooming in on e-mail a little bit. And so that...in that case you're looking at how much value is that subscriber generating, what's their...you know, what's their time on list, "Are we keeping them on the list for a long period of time or are they churning off quickly?"

SS

Sorry. Isn't the challenge there though to...is attribution, frankly? I mean, isn't that the challenge for digital marketing, period? Last-touch attribution is really...you know, can be deceiving, certainly. Is the challenge here that it's actually difficult to segregate what provides incremental lift? I mean,

how can you attribute... E-mail marketing is just one part of a communication stream or a larger marketing picture or larger investment. Isn't that a bit of the challenge, is how do you figure out what you can actually attribute to the e-mail touches versus other ways that you interact with customers?

CW

Absolutely. I believe that if you're using last touch or first touch, that you're just wildly out of sync with how consumers shop today. I think I...I think there's some research that we did with, I think it was... I don't remember who it was with. But Oracle did some research with some partners. And I think that in, like, the early 2000s, like, consumers, when they were buying something, like, tended to engage with like an average of two touchpoints. And I think today it's, like, almost six. And, like, that's how people shop, they shop and, you know, they're...like, they're influenced by lots of different events, and it's not the first one and it's not the last one. And so the politics of attribution models, I think, is really, really thorny because we're still largely organized around channels. And so there's competitive groups. And I feel like we've got a little bit of, like, a Montgomery Ward setup for failure where Montgomery Ward, like, collapsed because it was constantly encouraging groups within itself to, like, battle each other out for budget. And, you know, what you need is a collaborative way of working together. And I think that e-mail marketers, and I think, you know, companies in general, are making great strides towards being more collaborative and recognizing that, "Hey, look, we have an omnichannel customer, we need to act like an omnichannel company." You know, people don't go and experience a marketing channel, right? They go and they experience a brand. And so we need to have that coherence. But in terms of just e-mail marketing, it's tricky. Because I think traditionally e-mail marketing has been under-credited with the influence that it wields because we tend to just measure what's easy.

SS

Like open rate.

CW

Well, but that direct flow. Like, you know, we send an e-mail, someone opens it, then they click and they go to our landing page and they convert. Like, that's nice, right? We would love... I call that "the golden path". We would love for everybody to do that.

SS

Life isn't that linear, yeah.

CW

Yeah, no. People are not linear. People are really, really weird. They do what suits them best. So, they could receive an e-mail, see that subject line, that “from” name, and then turn off their computer, hop in their car and, like, go to your store and buy, or, you know, talk to their spouse about doing it, and then the spouse might do something. There’s all kinds of ways that e-mail has influence and gets zero credit. And one of the things that we’re seeing more and more of our clients do is running what are called withhold studies, or even running...

SS

Control groups, you mean? Yeah.

CW

Universal holdout group, yeah. So, that’s where you essentially take groups of your subscribers and you withhold campaigns from them, and then you compare, you know, their performance and engagement to folks who are getting e-mail. And that gives you, like, probably the cleanest look at what that lift is from your e-mail marketing program. Because sometimes, you know, we love to think everything we do is magical in e-mail marketing, but sometimes we send campaigns or we set up automations that don’t actually change behavior because people were going to do that anyway. So, yeah, with...you know, holdout groups are a really fantastic way to see that. But in general, I think, you know, e-mail marketers don’t get enough credit. But, you know, to your earlier point, I think attribution models are majorly broken sort of across the board and kind of out of sync. And whatever kind of blended attribution model you can come up with, even though it’s absolutely not going to be accurate, it’s going to be better than if you’re just using first or last click. I’m a huge proponent of useful metrics, that metrics don’t have to be accurate to be useful. And I think sometimes, in the sort of data-driven age that we’re in, we seek perfection in numbers that go well beyond, like, being useful. (37.01)

SS

Well, we get lost in a sea of numbers and can’t extract the insights out of it all as a result of it. I think in part because maybe, what you talked about earlier, strategy formulation, setting goals, etc., is so skewed in any case. It starts really at the top, I think. Which brings me to this subject of organizational design. Because we...you know, we use that term “e-mail marketers,” we use the...you know, it’s really this channel marketing mindset. In the more advanced organizations that are making full use of e-mail marketing properly, if I may put it that way, what do you see as a trend

there in terms of how organizations are structuring around their communications with customers and how they’re optimizing their e-mail programs as a result of it? Are you seeing any significant trends there with respect to how organizations approach this whole subject that we’ve been talking about?

CW

Yeah. Well, as we certainly have already talked about, you know, I think omnichannel orchestration is really important, so being able to coordinate e-mail marketing messaging in other channels. Which, obviously, should always be tailored to that channel. So, you know, you shouldn’t be using the same messaging everywhere.

SS

But who provides the oversight, the governance, who drives the strategy across channels? You know, there’s... You know, and one of the challenges today is obviously the fragmentation that exists within companies and the stovepipe organizational structures. Certainly, the shift to agile is changing that to some degree, multidisciplinary groups forming around particular projects or programs or even campaigns. But in terms of where e-mail fits, who governs that, and who they report up to, what are you seeing out there today amongst the more advanced practitioners?

CW

Yeah. I still think it’s largely the CMOs that are controlling all of that. One of the things that has been a byproduct of the pandemic is that there’s been such rapid change in consumer behaviors, there’s been a premium put on speed and agility. And so that has caused a lot of, I think, positive changes in terms of having different disciplines talking more together to coordinate messages and this focus on speed. So, in e-mail marketing, you know, we’ve seen a lot of adoption of modular e-mail architecture. Which we’ve done a lot of those in recent years and it tends to save...it tends to reduce e-mail production time by anywhere from like 25% to 40%. So, like, really a much faster way to build e-mails. And it also just so happens that a modular approach also is fantastic for A/B testing, fantastic for personalization. But we’ve seen, like, this really high focus on speed and being able to pivot really quickly, you know, during, you know, this time of, like, really kind of upheaval. Right? Like, people are just...they’re changing really rapidly, we’re going to have probably more changes, you know, in the year ahead. And that’s really put a premium on, you know, making sure that we get, you know, the basics right and can move swiftly and put a renewed

focus on personalization. You know, which, in some ways, you know, puts control in the hands of subscribers, and then consumers. (40.49)

SS

Let's talk about that, because we did reference it earlier. You hear this term "personalization" and "scale" a lot these days. How does that apply to e-mail marketing? You know, go back to what are you seeing as the best practices here, in meaningful personalization, in, you know, achieving truly breakthrough results. What are you seeing out there in terms of trends?

CW

Yeah. So, I think it's worth recognizing where we've come from. So, when I started 15-ish years ago, personalization was a first name mail merge, essentially putting the subscriber's name either in the subject line or in the body content and addressing them by name. And that was it, that was largely what personalization was.

So, let's appreciate how far we've come now that we're using machine learning and AI to, like, sort through, you know, tons of SKUs, tons of pieces of content, and then analyzing, you know, affinities and recognizing patterns to be able to bring the right content in front of people. I think that's kind of amazing and it's...I think it's pretty fantastic to see how companies, you know, like Spotify and Netflix and Amazon, these, like, sort of, like, mammoth SKU organizations where they just have tons and tons of content, how good of a job they do at really elevating the right content, you know, for people that makes them feel recognized. Which is the goal today, right?

I mean, nowadays, if you put someone's name in a subject line, you're almost as likely to turn them off as you are to get them excited because it's become such an empty gesture. You know, it's a thing that a lot of phishers and spammers do, right? It doesn't really mean anything. You know, what consumers today want to see is, "Have you been paying attention? And are you using the data that you've collected about me to serve me, to make my life better, you know, and help me discover new ways to be fulfilled?"

And, absolutely when we talk about personalization at scale, we're talking about AI and ML. Like, that's the future. And we're sort of...we're very much in the early days. I think a lot of e-mail marketing trends, and a lot of digital marketing trends, have, like, pretty long tails. And I feel like right now

we're maybe in that sort of awkward adolescent phase with AI and ML, and I think we see evidence of that sort of all around us. You know, when even companies like Facebook and YouTube don't do a fantastic job of it, I think that shows us, like, that we have a long way to go.

SS

Is the obstacle there, Chad, the fact that organizations still are struggling with data? That the idea of a unified customer profile or single view of the truth, whatever expression you want, the golden record, whatever expression you want, organizations are still struggling with that? And until that straightens out, the proper use of personalization or AI or any of these more advanced techniques are...will flounder if the underlying data is not correct or consistent or comprehensive enough?

CW

Yeah. I think that is a place where some companies have a lot of advantage, right? So, like, a Netflix has, like, a single door that they operate in and out of. And so I think for them it's a lot easier for them to keep, like, a clean set of data. But you're absolutely right. If you're a multichannel retailer, you've got a lot of doors to pay attention to and you do need something like a CDP to get that golden record, to get everything all in one place. And that's obviously a really hot area right now. That's an area of focus for Oracle, frankly. But we've been talking about that for a long time. Like, I remember, you know, back when I was at, you know, Salesforce, like, and Exact Target, we were talking about the same thing. Like, that was, you know, many, many years ago. We were talking about that 360-degree view of the customer. And, you know, that was aspirational at that time. But it feels very within reach right now. And it's not easy, but there are tools now where you can actually achieve that on a level that seriously moves the needle. And that's exciting, that's super exciting. Because, again, you know, customers live in an omnichannel world and brands, as always, are playing catch-up. And trying to act like a singular brand. And right now a lot of them don't act that way, unless they have, you know, like, a Netflix – one door. (45.59)

SS

So, you've mentioned Netflix, Amazon, etc. The pure plays obviously have an easier time of it, as you say. If you look outside that small...very small circle of companies, you know, maybe you could include the, you know, direct-to-consumer companies would fall into that category, as well, I would

imagine. But outside of that, FIs, telcos, etc., other industries, who would you look to as models of e-mail marketing today? What companies stand out in your mind and why do they stand out from the rest of the crowd?

CW

Yeah, I do think there are lots of different ways to stand out. You know, certainly, you know, a company, you know, like a Netflix or an Amazon, like, we know what they're about, right? They're about, you know, data. They're not really about personality in any way. And I think that there is a lot of room for personality. You know, I think sometimes we get confused, like, about what it is that we turn to a company for. You know, I don't turn to Amazon for any personality or anything, I turn to them for...

SS

It's a transactional relationship.

CW

It's a very transactional relationship. And so in some ways, like, that could be undone at some point if somebody could match them because that's all that they're about. But they do that so well, that's why they're obviously incredibly successful. But, you know, I think about brands like Uncommon Goods, which has, like, a great voice, they have products you can't get anywhere else. I think in today's environment I don't know how very many brands compete without private label goods or exclusive goods. Like, you've got to... I feel like that's, like, one of the ways you can push back against Amazon. You know, otherwise you're left playing Amazon's game, right? Where you're trying to, you know, have a vast selection and speed to delivery. Which, actually, speed to delivery has been one of the areas where I think a lot of other big-box retailers have done so much better. You know, like the Best Buys of the world. Like, really fast delivery now in a way that several years ago they weren't anywhere close to what Amazon was able to do. But I think, again, you got to, like, focus on, you know, what is it that you're turning to this brand for. So, again, like, someone like Uncommon Goods I really like because they have a unique voice. You know, a ModCloth, unique products, unique voice. You know, an REI, where they have, like, a very particular brand voice, brand values that are really clear. You know, someone like Quiksilver, you know, Patagonia, also very clear, like, brand values, which are really important.

SS

And it makes it easier to have conversations with those customers because their shared passion, shared interest, and a

shared worldview, if you will, to give you a reason to engage and have a dialog with those customers.

CW

Yeah. One of the things I think is really interesting is I love the intersection of e-mail and loyalty. And I see them as... I see loyalty programs as sort of, like, the next level up from an e-mail marketing program. I see it as, like, that second stage. Like, if you have a great e-mail marketing program, you should totally have a loyalty program. And the exciting thing that's happening right now with loyalty is that, you know, traditionally loyalty programs have been all about, like, spend to get. So, I spend X amount of money, I get X amount of points and I can use those points to get other stuff.

SS

It's a quid pro quo relationship, basically.

CW

Yeah, very transactional. And that's really, like, unraveling in a big, nice way right now. And you're starting to see loyalty programs really become sort of engagement-based communities. So, for instance, Nike has a very good loyalty program, you know, that's all about, like, sports and fitness. And, you know, sure, they're trying to sell Nike goods, but it's about... You know, people don't get excited about, like, you know, just buying things as much anymore, they want to be a part of something and they want to... they want experiences. And they also, like, want to, like, reinforce, like, their own personal brand identity. And so Nike's loyalty program does that.

Sleep Number is another good one, they're one of our Oracle CrowdTwist clients. That's a really interesting one because their program is all about getting a great night sleep. It's not about selling another mattress. It's about this community of people that want to get just an awesome night's sleep. And so they have lots of polls and lots of content about, you know, the right kinds of pillows and like, you know, "Do you crack your window at night?," and, "What kind of blankets do you use?," and, "Do you sleep with your pet?" And all of this stuff about, you know, "How do I get a better night sleep?" Like, that's their passion. And the goal there, again, isn't to sell another mattress to someone who already has a Sleep Number bed, it's to have these people become evangelists for the brand and bring in that next new customer. (51.17)

SS

Well, and so you make a good point, the concept of community is a bonding agent. And I'm not sure you mentioned it earlier, but the integration of social media in

e-mail marketing has been really a powerful partnership in many respects. It's become very tightly integrated. Look how LinkedIn advises you through e-mail of a post by a colleague, just to give you a simple example. Or Facebook has a similar thing. There's been a nice sort of symbiotic relationship there.

CW

Absolutely. Yeah. I mean, social is another one of those channels that was supposed to kill e-mail, right? Like, so, you alluded, you know, at the top of our conversation about how e-mail is like the Rodney Dangerfield of, like, communication channels, it doesn't get any respect. And I think this is really a result of the fact that, like, nobody owns e-mail marketing, right? It's what I call granted media, where it has lots of different kind of owners and is largely kind of owned by consumers in many ways and controlled by them. And because of that, it makes it a very inexpensive channel because they have this distributed sort of ownership. But, like, nobody is, like...nobody is defending e-mail because nobody owns it. Right? So, like, you know, when you attack Facebook, Facebook responds because they're Facebook. But when you attack e-mail, like, there's really nobody who stands up for e-mail. So, it does get kicked around an awful lot and it's funny to watch the patterns. Like, you know, so, what, Facebook Messenger, that was supposed to kill e-mail. And, like, Google Wave was supposed to kill e-mail. At one point I saw someone saying RSS was going to kill e-mail, which is just ridiculous. But we do go through these ebbs and flows where the sort of, like, enthusiasm about e-mail is sort of up and down. And for instance, you know, coming out of the early...you know, like, the first year of the pandemic, I think e-mail marketing was, like, on a high, right? Like, e-mail was the channel that brands used to communicate to their customers about, you know, their new, you know, COVID policies, on store restrictions, and empathizing with them and talking about what they were doing to protect, you know, their employees, all this stuff. I mean, e-mail was just incredibly central and really magical to having, you know, a really good conversation with customers. And I feel like that glow lasted until Apple came out with MPP, and then all of a sudden we were back to, like, "Oh, no, MPP is going to kill e-mail and e-mail is going to go away."

SS

So, you're right, there was a lot of handwringing around Apple, Apple's Mail Privacy Protection. There was the "sky

is falling" attitude, for sure. Have things quieted down there? And I want to ask you something, because you raised an interesting point in one of your blogs about, I'm paraphrasing here to some extent, but it will force marketers to be looking more broadly at the concept of engagement, of interest, I think you were talking about. And one of the things I...you know, I think was really interesting about that statement was this idea of intent signals, that we need to be able to read the customer's behavior, the consumer behavior, across a number of channels and be able to derive from that a level of interest and engagement with your brand that will, in fact, determine whether you're successful with your communications more broadly. In other words, we get out of the trap of looking at open rates, as an example. Even just, you know, click-throughs on an e-mail. What's your perspective on that? Is it that it's actually going to force marketers to be better marketers, despite all the handwringing and "woe is me" that followed the announcement of that change?

CW

I think there are definitely some positive things about MPP, and I think one of them is that it's going to drive marketers to look farther down the funnel and to look more broadly at the experience of their subscribers and their customers. I think that's all a plus. I have, like, very mixed feelings about MPP. Like, I understand why some of it was done, but I do feel... Like, so, for instance, like, we don't really need to know the location of our subscribers to the degree that we knew before. I don't think we used it in any nefarious way, we used it to populate maps of the nearest store or the nearest restaurant. So, I don't think it was abused, but at the same time I accept that we probably didn't need that. You could collect that in another way. But I do feel like we got kind of tarred by what the advertising industry was doing and what the Web industry was doing. Because, you know, e-mail marketing is largely a permission-based channel. You don't need it, to be honest, but people want it. But, like, you can have a fully functional life with very little e-mail, in terms of, like, you know, opting in for promotional e-mails. Which I feel like is what we're talking about when we're talking about MPP. That's what they seem to couch it as, as that...you know, all these marketers were doing nefarious things. But that's not really... there was nothing nefarious going on. But I feel like right now it's just very trendy, and certainly Apple is, like, kind of staking their brand on privacy, for sure.

But to get back to your original question, the thing that is problematic about what Apple did, and it's even problematic for Apple Mail, is that opens were the primary way that brands determined whether or not someone was engaged with an e-mail from a deliverability point of view to be able to manage engagement levels. So, that was, like, essentially the metric that marketers used when they were putting together their audience for an e-mail, they'll say, "Hey, has this subscriber opened an e-mail in the last 12 months?" for instance. And they look at all the subscribers that did that and they'd be like, "All right, that's the safe audience to mail."

And so if you weren't opening, if you weren't engaging on that sort of simplistic level of just an open, you would stop getting e-mails, or you would go into a program where you'd receive way fewer e-mails or you would start to be sort of, like, you know, kind of phased out. And that's a very good thing. Again, I talked about earlier engagement-based spam filtering pioneered by Gmail – opens is what it kind of comes down to in the end. And opens were a fantastic, fantastic signal to be able to create these active e-mail marketing audiences so we knew who to e-mail and who not to. Right? I talked about, you know, respectful e-mail experiences. Knowing when to stop e-mailing folks is part of that bottom foundational layer of the hierarchy of subscriber needs. And Apple has taken away part of our ability to see that.

So, by necessity, we have to look at other metrics. And e-mail clicks is an easy one to go for. But there tend to be...or, you know, traditionally have been like eight times more opens than clicks. So, clicks are just not a frequent enough signal to be able to just rely on that alone. So, you need other signals. And so, yes, marketers are going to have to go broader, they're going to have to look at essentially customer activity and use that as a proxy for subscriber activity because they've got no other choice. I mean, it would be great if there was some other way to do it. But there's really not. (59.17)

SS

Well, we call it here an engagement score. That if you can... You know, that should be a key target for most marketers, is to drive that engagement score up, it means interest in the brand. I just want to take... Like, we have a few minutes remaining here, Chad, and I do want to ask you another loaded question, I apologize for this in advance. But you've alluded from the beginning about all of the changes that occur in e-mail marketing over the years, it keeps it

interesting. What's ahead that's going to keep it interesting for you, what's on the horizon here in terms of shifts in the industry that you will be able to continue to write about and perhaps have a fourth edition of your book?

CW

Well, I think that, I mean, probably the most exciting thing long term is AI and machine learning. You know, we talk...we've talked sort of forever about, you know, the right message to the right person at the right time. And increasingly in an omnichannel world we're talking about the right channel, as well. And AI and ML has contributions to make to all of those decisions. So, you know, we talked a lot about, you know, personalizing content with ML, so that's, you know, the right message. You know, also, you know, AI-powered copywriting tools, like trying to say things in the right way that are going to appeal to your subscribers, or groups of your subscribers. That is, you know, a nascent but growing toolset. I think long term there's tons of promise there. The issue right now is that some of those recommendations are not on brand voice, but long term lots of promise there for getting, you know, the right message. Send time optimization, the timing of automation, getting the right time, that's really valuable. AI and ML are going to do wonders there. Already making...that's probably the earliest place where they've had great success. So, that's really important. You know, that right person is that audience, segmentation, and suppression decisions. I think, you know, again, because of MPP, like, that equation is getting more and more complicated. And so I think there's going to be a role there to play for machine learning to be able to help us select audiences based on some patterns and things that we can't see with the naked eye.

You know, and then right channel is, you know, channel affinity. Which, again, also is complicated. I love e-mail, e-mail has a strong role to play, but sometimes e-mail is not the right channel for a particular subscriber for a particular message. And, you know, we have things here at Oracle like what we call the intelligent switch that allows things ML to help make those decisions when it's appropriate.

So, I think you're going to see a lot more AI/ML in the future, that's going to be exciting. I mean, there's the potential for, you know, the creation of an e-mail to be, like, kind of fundamentally changed. Where, you know, e-mail marketers spend a lot more time making content blocks and not making

e-mails per se, and even having, you know, AI constructing... you know, deciding what modules to put in an e-mail. I do hope that, again, we don't lose all that curation because I think that's important for discovery. But I think in the years... you know, if I'm looking ahead like the next decade, I think that's the trend where we're going to see some really significant strides that are going to be great for subscribers and great for businesses, too.

SS

Just in concluding though, too, e-mail itself as a construct, the idea that it started out really as a stepping stone to drive somebody to a Web page, and began to become more interactive, more interesting on its own, and becomes more of an experience than certainly even it is...even than it is today. Would you say that's certainly a direction that the industry is going to go in, as well? Especially with the arrival of 5G, where the bandwidths will allow for more creative, if you will, use of the technology.

CW

I think we're in a little bit of a pivot point and I'm not really sure which direction we're going to go. You know, we've had CSS-based interactivity for a while. We now have AMP for e-mail. But I'm a little hot-cold on AMP. I think... And not because of AMP itself, or because of Gmail or anything. I think the pandemic, unfortunately, has just taken a lot of the wind out of AMP's sails. Everyone is, like, trying to get simple and lean and fast, and that's the opposite of AMP. AMP is, you know... And you essentially create an entirely new e-mail to send along with your HTML campaign. And so I think AMP does, like, really, you know, amazing things, I love this idea of doing more in the inbox. Because, you know, studies and experiences have shown that that's more efficient, like fewer clicks is good for everybody. It makes for a more seamless, frictionless experience. I'm just not sure that...I feel like we've lost a lot of momentum there. So, I... honestly, I don't know which way that's going to go. It might be that we wash a little bit back towards, you know, e-mail being that gateway to an app, to a landing page, you know, on the Web. We'll see how that shakes out. I'm not totally sure on that one. I kind of have a bad feeling that we're going to wash back towards the gateway model, but we'll see. It kind of depends on a little bit, you know, if

things settle down, if the pandemic starts to wind down, if there's less social upheaval. I mean, because those are the things that frankly are driving people towards this, like, lean, nimble posture. And I feel like that posture is not conducive to interactivity.

That concludes my interview with Chad White. As we learned, email marketing has come a long way from the "batch and blast" era. Back then it was used as a promotional hammer, driving sales purely on the basis of mail volume. But after people rebelled, it became much harder to slip past the spam barricades. So marketers had to get smarter at the basics – like proper list hygiene, capturing subscriber preferences, improving HTML design, conducting more rigorous A/B testing, complying with privacy laws, and optimizing send times. Their efforts eventually paid off in higher open and engagement rates. Today the combination of better databases, machine learning and more integrated "drag and drop" workflow design can take email marketing to the next level, making it a truly one-to-one customer experience. Before that can happen, however, marketers will have to treat email marketing as a more prestigious channel, giving it the long overdue attention and respect it deserves.

You can find past episodes of this podcast on CustomerFirstThinking.ca where you'll also find articles, strategic frameworks, video and more on the transformation of marketing.

In closing, a big shout-out to my friends and colleagues Justin Ecock and Shak Rana for their contribution to making this podcast happen. Until next time, thanks for listening.



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