

TRANSACTIONAL AND MARKETING EMAIL:

HOW TO BUILD A POWERFUL INTEGRATED EMAIL PROGRAM

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Email officially got its start in 1977 when a U.S. programmer sent the first network email and gained traction in 1985 when it was widely adopted by the military, government, and academic sectors. But, email really achieved mass appeal when internet access grew (astronauts even sent email from space) and ultimately, when Microsoft bought Hotmail in 1997 for \$400 million dollars. As commercial businesses entered the scene, email became a more effective way to generate new business and to build relationships with customers than direct mail and print. Today there are more than 3.1 billion email accounts worldwide and that number is expected to grow to 4.1 billion by the year 2015.¹

Today, there are two main types of email – transactional and marketing email. Each has their unique place in the email ecosphere that can meet key goals set by your organization. Marketing email is primarily focused on customer acquisition and retention, while transactional email is focused on facilitating ongoing engagement with existing customers. However, both can work in tandem to create a powerful email program that will build solid relationships with users. In order to determine how to best design a program that takes optimal advantage of both email types, it's important to look at their use cases to understand their significance and design goals.

WHAT'S INSIDE?

This guide will help you better understand marketing and transactional email and how you can maximize your program for success. You will learn:

- The definitions of marketing and transactional email and how both can work together successfully
- Key email best practices that will ensure delivery and response to your email
- Samples of marketing and transactional emails from companies that get it right



What is Marketing Email?

Marketing email (also known as commercial or promotional email) as defined by the [CAN-SPAM Act](#)ⁱⁱ is any message in which the primary purpose “advertises or promotes a commercial product or service, including content on a website operated for a commercial purpose.” Examples of marketing email include newsletters, email promotions, coupons and special offers. Essentially, marketing email attempts to encourage the recipient to take an action such as making a purchase, downloading content, registering for a service, attending an event or visiting a store. Since the intent of marketing email is to promote a commercial product or service, it must adhere to certain legal requirements defined in the CAN-SPAM Act that were specifically developed to protect consumers and help senders provide the best possible email experience.

Following email best practices in your marketing emails can yield great rewards and doesn't have to be difficult. The 2012 DMA Client Benchmark Report reveals that email marketing ROI yields \$40.56 for each \$1.ⁱⁱⁱ Great content along with quality sending and data collection practices present prime opportunities for marketing email to yield high response rates that drive your customer acquisition strategy. While there is still debate about which email marketing metrics to measure, industry gurus all agree that click-through rate is a good indication of subscriber interest and engagement. In fact, ISPs are now using engagement data to help determine email deliverability.

Overall, the key to a successful marketing email is that it drives an action. You should strive to provide relevant content by using segmentation strategies to tailor your communications. This is best achieved by testing your design, content, and offers to determine what resonates best with your subscribers.

What is Transactional Email?

Transactional email emerged as an email category in the late 1990s when ecommerce retailers began sending purchase receipts and shipping notifications via email. It was then solidified as an email category in 2003, when the CAN-SPAM Act exempted “transactional or relationship messages” from the rules and regulations of traditional marketing or commercial emails. Transactional email by definition is any message in which the primary purpose “facilitates an already agreed-upon transaction or updates a customer about an ongoing transaction.” If the message contains only commercial content, its primary purpose is commercial and it must comply with the requirements of CAN-SPAM. If the message contains only transactional or relationship content, then its primary purpose is to facilitate a relationship established by the transaction. Because of this distinction, transactional email is exempt from most provisions of the CAN-SPAM Act.

Today, transactional email includes any email triggered by a user's interaction with a web application, including signups, password changes, check-ins, notifications, and friend or follower requests. These emails typically contain information a user wants or needs and consequently have the highest open rates across all categories of email. Open rates remain high for transactional email because subscribers expect to receive them and even welcome these messages. A report from Borrell Associates, Inc. and Merkle^{iv} revealed that 64% of consumers consider transactional emails to be the most valuable messages in their inbox. As a result, transactional email also has benefits that directly result in increased sales—they can yield an average revenue per email that is two to five times greater than bulk email.^v

Where Marketing and Transactional Collide



Given its viability, [our study revealed](#)^{vi} that today, 79% of web applications rank transactional email as an important tool to acquire new customers. Almost 90% rely on it for their customer retention efforts and 71.5% believe it's important to their overall marketing strategy. This represents a marked difference in how senders are thinking about email as an integrated program no matter the use case.

The high engagement level of transactional email presents a prime opportunity for smart senders to incorporate relevant marketing messages into their transactional messages to deepen the relationship with their customers. These messages are not just opened at a higher rate, but also opened several times, as is often the case with shipping notifications. Therefore, tailoring content to a recent transaction can have a positive effect in driving the customer to take additional actions either now or in the near future.

However, despite your ability to add marketing messages to transactional mail, you must remain focused on the primary purpose of the email. The general rule of thumb is that marketing messages take up no more than one-third of the transactional email. So, if you are sending a shipping notification, make sure you focus on the delivery details. If you are sending an order confirmation or confirming a transaction, keep the main information above the fold and make sure it dominates the email message. Not doing so will confuse the recipient and transform the email into a commercial email that is subject to the more stringent rules outlined in the CAN-SPAM Act. To ensure your transactional emails follow the right guidelines, involve your marketing department to develop a winning template that is highly personalized and appropriately branded.

Ten Email Best Practices for Sending Email



In order for your emails to make an impact, they have to reach the inbox. Most discussions around email deliverability focus on marketing messages but the reality is that transactional email messages are just as susceptible to deliverability failures. Poor deliverability for your transactional mail stream carries a particularly high cost because these messages are expected and necessary for the successful use of your product or service. If these fail to arrive, there is not only a loss of trust between you and your customer, but the reliability of your product or service is also called into question.

No matter which type of email you send, you should always follow email best practices to make sure your emails get delivered to your subscribers. The following checklist provides a high level view of the key elements you should be thinking about when sending email through your web application.

Email Best Practice Checklist



ACTION

MARKETING

TRANSACTIONAL

Customize the 'From' Line:

Don't use "no reply" in your from line.

Avoid "no reply" in your from line. Instead, personalize it in a way that makes it easy for your customer to identify you as the sender.

Write Clear Subject Lines:

Make the purpose and content of your email obvious.

If you are sending a promotional email or special offer, state the offer clearly such as "30% off today only."

If the email provides shipping information, ensure your subject contains words like "Your Order Has Shipped."

Address Your Reader By Name:

Always make a personal connection.

Include a salutation in every email you send. This will help build a relationship with your subscriber.

Include a salutation in every email you send. This affirms the relationship and makes the customer comfortable with the transaction details.

Brand Your Company:

Drive awareness and loyalty.

Include your logo on every email. Ensure your email templates have a similar look and feel no matter which department is handling your email streams. This will build trust and brand recognition with your customers.

Personalize the Content:

Use data such as purchase behavior to drive your communication.

If your subscriber purchased size 8 shoes in the past, then send an email communication with only shoes that will fit. If you are driving them to a store, use location data to tell them which one is close by.

One-third of your content can be dedicated to remarketing. Use a subscriber's recent purchase to offer a complimentary product such as pants to match the sweater they just purchased.

Deliver a Strong Call to Action:

Tell people what you want them to do and where you want them to go.

Pair your offer with a clear directive such as "Choose Your New Boot," "Invite a Friend," or "Sign Up Now."

Invite your customer to engage further. Provide clear links to your fan pages, offer clear instructions on how to track packages or change orders; and if promoting complimentary products, make it easy for them to add those items to their cart.

Send HTML and Plain Text Emails:

Create both versions to account for subscribers using mobile devices.

Design email templates that are compatible with users on the go. Don't forget to create plain text messages as they can be easily read on smartphones and tablets. Remember to create short URLs and keep messages to the point.

Make it Easy to Unsubscribe:

Don't make it difficult for people to opt-out, and process requests within 10 days.

The CAN-SPAM Act requires you to provide a one-click unsubscribe. Rather than hide this information, make it prominent. This way, those who want to leave your list can do so easily without having to report your messages as spam – an action that can hurt your email deliverability.

Transactional email is exempt from having the unsubscribe requirement since the email is triggered by an action taken by the customer and because the message signifies an existing relationship with the customer that has an expectation to continue. However, we recommend you include it anyway to protect your email from being marked as spam.

Email Best Practice Checklist

ACTION

MARKETING

TRANSACTIONAL

Pre-populate Customer Information:

Remove all barriers to completing the transaction.

Use account information to help move the customer through the “check-out” process faster. Additionally, add profile data progressively to help segment and target your messages based on preferences and behavior.

Say Thank You:

Sometimes the key to increasing sales is not asking for one.

Show your appreciation by offering email exclusives or providing helpful information.

Always thank your customer for their order no matter how big or small the purchase.

Disclose Your Location

You can also use a P.O. Box or registered mail agent.

Include your company name and a postal address in every email you send.

Moreover, you should monitor your email delivery and response rates by email stream and ISP. This data can help you prevent delivery failures from negatively impacting your email program and provides important clues as to how recipients are responding to your messages. These metrics are key to optimizing your email program for the best results, and will help you provide the best possible customer experience.

Six Great Emails You Can Learn From

1

LANDS' END INCORPORATES MARKETING CONTENT TAILORED TO A RECENT PURCHASE INTO THEIR SHIPPING NOTIFICATION

WHAT WORKS

Lands' End focuses on the completed purchase – providing the order details, shipping date, and tracking links above the fold. They also provide additional shipping information and a “thank you” for the order. As for marketing content, Lands' End uses the side bar to highlight items that the purchaser may also like. In this case, the person ordered a winter coat. The recommendation section focuses on items that would complement that same purchase – winter boots, gloves, and snow pants. Below the fold, Lands' End advertises their “luxé Wool” collections, turtlenecks, and sale items.

WHAT COULD BE IMPROVED

The email is a bit long and their social links are at the very bottom. Lands' End could take advantage of social sharing by encouraging their users to like their pages and share their recent purchases on networks like Facebook, Pinterest, and Tumblr.

THE VERDICT

Lands' End is taking advantage of a prime opportunity to talk with an audience that is guaranteed to open their email since they have just purchased an item, and may possibly opt to purchase additional items they may have forgotten to snag before.

Can't view this email? [Click Here](#)

LANDS' END
WOMEN MEN KIDS FOR THE HOME SALE *Canvas*
LANDS' END

YOUR ORDER IS ON ITS WAY!

Karen SendGrid
ksendgrid@gmail.com
ORDER NUMBER: 1194153
SHIPPING DATE: 10/09/2012

TRACK ORDER
Please allow 1 business day for your tracking number to activate.

SHIPPED
Boys' Squall® 3-in-1 Waterproof Parka \$83.40
Item # 418876AEZ Qty 1
Size Large
Color Carrot

Standard Shipping UPS picks up your package at our distribution center and delivers it to your local post office for final delivery to your mailbox or door by your mail carrier. (To ensure delivery within five business days, your final carrier may vary.)

Express Shipping See our Shipping + Handling for information and delivery times for express shipping methods.

Backordered items will ship separately. Items with monogramming, engraving, cuffing or hemming may also ship separately.

If you'd like further assistance, reply to this e-mail or contact us at 1.800.963.4816 (US+Canada) or 608.935.6170 (International).

Everything we sell is Guaranteed. [Period.](#)
THANK YOU FOR SHOPPING AT [LANDSEND.COM](#).

FREE SHIPPING WITH A \$50 PURCHASE ON YOUR NEXT ORDER To US & Canada. Ends November 15, 2012

ITEMS YOU MIGHT LIKE

- Boys' Waterproof Snow Gloves \$35.00 Now \$19.00
- Boys' Waterproof Squall Snow Pants \$69.00 Now from \$19.00
- Boys' Snow, Furry™ Boots \$49.00 Now from \$29.00

Six Great Emails You Can Learn From



2

BUSINESS INTELLIGENCE PLATFORM, CYFE, ANNOUNCES REFERRAL PROGRAM BY REMINDING THE CUSTOMER OF ITS BENEFITS

WHAT WORKS

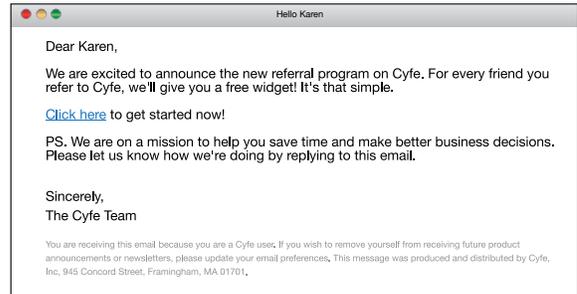
Cyfe relies on simple plain text email messages to communicate key information to their user base. In this case, they are announcing a new customer referral program that will help them acquire new users while rewarding their most valued customers. These three simple lines communicate the benefit and provide a clear call to action that can be easily read in any email reader or on any device. We also like that they use their third line to remind users of their value proposition.

WHAT COULD BE IMPROVED

We really like this email, but we'd love to see the Cyfe logo so they can extend their branding opportunities.

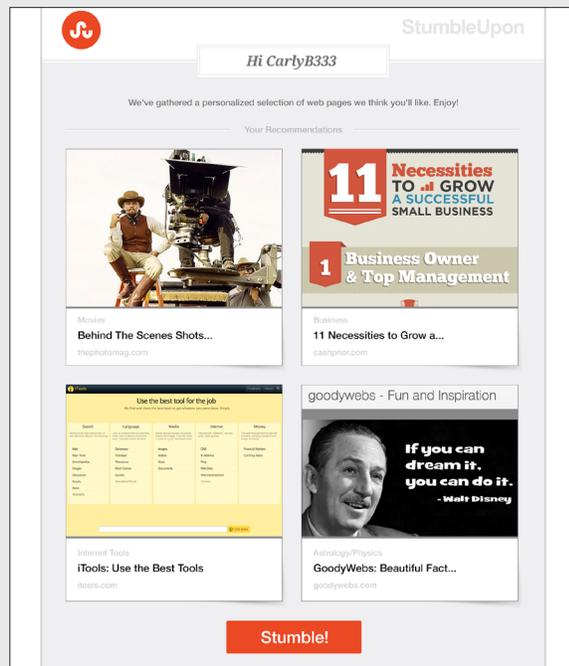
THE VERDICT

Cyfe demonstrates the simple power of three key sentences. Additionally, they provide an unsubscribe link despite transactional email's exemption from the CAN-SPAM Act. Way to raise the bar.



3

STUMBLEUPON HELPS USERS LOCATE THINGS THEY'LL LOVE WITH PERSONALIZED RECOMMENDATIONS



WHAT WORKS

StumbleUpon uses notification emails to drive engagement by making recommendations about user interests based on their activity and preferences. Here they let imagery drive the content and invite you to “stumble” as their call to action. They also include social media links at the bottom of the email as well as a link for you to download the app. This is a well-designed, well branded template that will drive the user to action.

WHAT COULD BE IMPROVED

StumbleUpon sends their emails from no-reply@stumblemail.com which should be avoided. Personalizing the ‘from’ address will help the subscriber better identify their emails.

THE VERDICT

This email combines simple text, vivid imagery, social media, app promotion and a clear call to action all in a well-branded template. With one slight change to the ‘from’ address, they would have a perfect score.

Six Great Emails You Can Learn From

4

UNCOMMON GOODS SHOWS HOW MARKETING AND TRANSACTIONAL EMAIL ARE A GREAT TEAM

WHAT WORKS

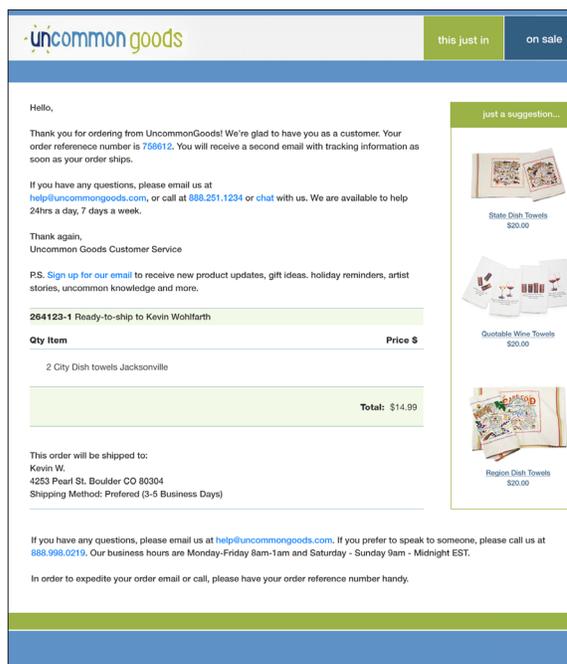
UnCommon Goods is a unique gifts and creative design site. They always have clever marketing emails that are relevant, on brand, and witty. Fortunately, their transactional emails are no exception—due in great part to their effective integration of marketing techniques. This order confirmation is well branded, showcases strong calls to action and customer appreciation and has a clear subject line. But the best part is that UnCommon Goods takes advantage of being able to dedicate 1/3 of their transactional email content to re-marketing by recommending other products that their customer might like (based on their recent purchase) in the highly visible sidebar. The suggestions are all comparable and in a similar price range to what the customer has ordered previously. This technique is a great way to re-engage the customer, show you're interested in their business, and possibly close an additional sale.

WHAT COULD BE IMPROVED

If we could, we would make only 2 small adjustments to this already stellar email. First, we would recommend that they personalize their opening salutation with their customer's name to help reaffirm their relationship from the get go. Second, even though this is a transactional email (and exempt from the CAN-SPAM Act's unsubscribe rules) we would suggest including an unsubscribe link anyway to protect the email from being marked as spam.

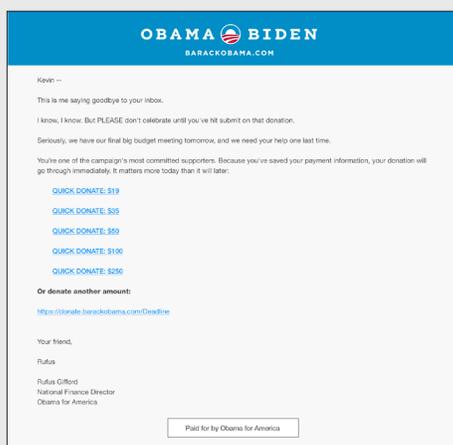
THE VERDICT

Kudos to UnCommon Goods for this great transactional email! They really exemplify how to effectively incorporate marketing into a transactional email and follow the key best practices that we highlight in this guide's checklist.



5

2012 OBAMA/BIDEN CAMPAIGN GENERATES \$60 MILLION IN NEW DONATIONS WITH QUICK DONATE FEATURE



WHAT WORKS

There is definitely nothing fancy about this email, but the results tell the true story. A couple of lines of encouraging text supported by quick links to donations resulted in Chicago donors giving four times more in donations. Consequently, the program was expanded in October and Team Obama raised \$60 million dollars more for the campaign.

WHAT COULD BE IMPROVED

The design! While the logo serves as an identifier, the layout of the information seems scattered.

THE VERDICT

We wonder whether or not the campaign would have raised even more money if they opted for a better designed template? Did some of these emails end up in the junk folder or were some deleted as spam?



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About SendGrid

SENDGRID IS EMAIL DELIVERY. SIMPLIFIED.

SendGrid's cloud-based email infrastructure relieves businesses of the cost and complexity of maintaining custom email systems. SendGrid replaces your email infrastructure so you don't have to build, scale, and maintain these systems in-house. We provide reliable delivery, scalability and real-time analytics along with flexible APIs that make custom integration a breeze.

Our infrastructure is ready to scale and meet the demand at any moment, thereby eliminating your email headaches so that you can focus on your core product and meet the email demands of your business. We currently send over 7 billion emails per month for over 100,000 web application companies and developers including Foursquare, Pinterest, Airbnb, Twilio, Spotify and Pandora. So, whether you're sending a hundred emails or billions, save time, resources, and money by focusing your engineering resources on your business and leave the technical work to SendGrid.

For more information about SendGrid, visit www.sendgrid.com.

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