



# How to Engage Customers and Deepen Relationships:

What Startups Can Teach Enterprise

About Transactional Email



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We frequently see our Enterprise customers struggle with excessively complex processes that hinder collaboration between the cross-functional teams responsible for transactional email content. This inability to collaborate effectively impairs their capacity to fully maximize the potential of transactional email to improve the customer experience and contribute to growth.

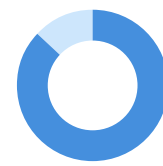
We recently partnered with the CMO Council on the research study [Gaining Traction with Every Digital Interaction](#). The results of this study reveal that 87% of Enterprise marketing leaders surveyed are not realizing the full revenue potential of their existing customers. A full 87%.

For anyone in marketing, that is an extremely disturbing statistic.

Enterprise marketers need a serious wake up call regarding the need to create email experiences that deepen relationships and help realize the full revenue potential of their most important customers — those they've already won. It's potential that most are clearly missing out on in significant ways.

**There is an obvious and direct correlation between a failure to optimize transactional email and a failure to fully leverage the growth potential of existing customers.**

Yet in the startup world, excelling at transactional email is often the norm rather than the exception. Transactional messages from *new-kids-on-the-block* like Drift, Birchbox, and Buffer are frequently held up as [examples of how to do it right](#). Some of our personal favorites include Teespring, DonorsChoose, and MeUndies.



**87% of Enterprise marketing leaders surveyed are not realizing the full revenue potential of their existing customers.**

So what can Enterprise learn from companies like these? First of all, startups tend to be really good at:



**Re-imagining the traditional sales funnel** as a cycle in which Retention, Referral, and Repurchase are just as important as Awareness, Acquisition, and Activation



**Subverting the status quo** by viewing email as integral to the entire customer journey, rather than as primarily suited for the three 'A's mentioned above



**Disrupting common wisdom** by turning conventional marketing and transactional email strategies on their heads



**Smashing departmental silos** to facilitate cross-functional collaboration on these critical communications, collaboration that includes stakeholders from marketing, product, engineering, and IT

Savvy marketers in the startup world realize that a single-minded focus on email as a tool for acquisition and activation comes at the expense of the growth potential existing customers represent. Closely tied to the startup obsession for making sure every product experience is amazing, it's a realization that has resulted in an expanded focus that encompasses the entire sales funnel/customer lifecycle, including the optimization of transactional and triggered email.

Transactional emails have open and click-through rates that marketing emails can only dream of. These are emails your customers don't just expect, they're emails they want. This makes

them prime real estate, not only for cross- and upsell opportunities but also for soliciting reviews or referrals, or even for simply reinforcing your brand experience and furthering the customer relationship.

We've quoted these statistics before but they bear repeating:

- Transactional emails have an open rate 69% higher than regular marketing campaigns, with click-through rates as much as 164.6% higher\*

These numbers represent how well your existing customers are engaging with your transactional emails — even your old, neglected, out-of-date, and off-brand transactional emails.

The people who receive transactional emails are your most valuable customers and they want to hear from you. They deserve more than your lame excuses.

- *"We're a Marketing team and Product owns transactional email — shouldn't it be their responsibility to make them better?"*
- *"We're a Product team and we don't know nuthin' 'bout content — shouldn't Marketing own that?"*
- *"The content for these emails is buried deep in the code base so even when we do find something we'd like to improve, it's almost impossible to get a developer to make a single change, let alone test and iterate on that content."*

Believe us, we've heard them all before.

**But to be absolutely blunt, if you're not doing your damndest to make sure these emails provide value and offer amazing brand experiences for your most valuable customers, shame on you.**

And that brings us back to where we started. Isn't it long past time to fix those excessively complex processes that hinder collaboration between the teams responsible for transactional email content?

Let's start by taking a look at how startups have embraced a new view of the sales funnel.

\*<http://pressroom.epsilon.com/q1-2017-north-america-email-trends-and-benchmarks-show-increase-in-desktop-open-rates-2/>

## Sales Funnel vs. Customer Lifecycle

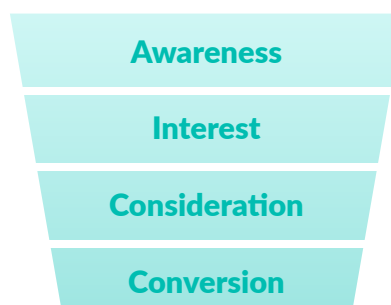
DMNews declared that [The Sales Funnel is Dead](#) as far back as 2013. However, the CMO Council's survey demonstrates that in 2018, Enterprise marketers are still stuck in a traditional funnel with acquisition/activation as the end-goal.

That approach served us pretty well for a very long time. But the digital world is growing up and consumers are becoming inured to slick advertising. They're looking more and more for experiences relevant to who they are and what they value.

Even with all the recent talk of the Customer Experience as some kind of monumental paradigm shift that will change the way brands provide those experiences, marketers still focus their greatest effort on attracting new customers. But even more importantly, they continue to struggle with doing what is necessary to build lasting, profitable relationships with those customers they've already won.

Startups, though, are leading the way in redefining the sales funnel as a more holistic customer lifecycle, with transactional email as the cornerstone of those parts of the cycle a conventional funnel either short-changes or ignores completely.

First let's look at a traditional funnel:



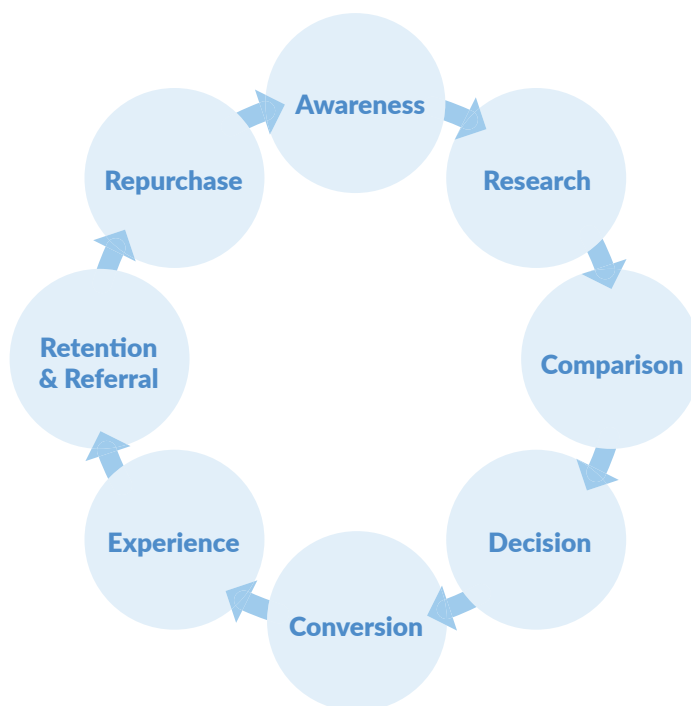
**“By focusing marketing efforts at the top of the funnel – awareness, acquisition, and activation – we’ve basically been perpetuating the status quo by creating digital versions of print or TV ads, and email versions of circulars and flyers.”**

Matt Harris, Co-founder and CEO, Dyspatch

Compare that with a lifecycle model.

Granted, the concept of lifecycle marketing isn't exactly new, nor is it unique to startups. And it encompasses more than just email — [this article](#) from SmartInsights goes into much greater detail about the cross-channel aspects of lifecycle marketing and provides multiple examples, for both B2C and B2B.

But we're focusing here on how startups excel at applying lifecycle marketing principles to *transactional email specifically*, the emails that come after the **Conversion** phase.



The lifecycle model more closely resembles the entire customer journey, where the stages that follow *Conversion* are weighted equally to those that come before.

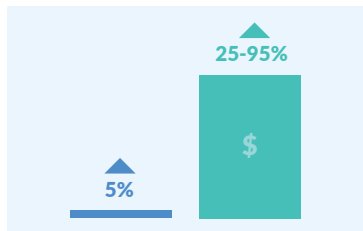
When it's done really well, it actually becomes a spiral, where *Repurchase* leads back to *Experience*, which leads again to *Retention & Referral*, which leads to *Repurchase*, and so on. And the longer the cycle perpetuates itself, the greater the customer's lifetime value.

Imagine how much growth potential a marketer leaves behind when they consider their job done at *Conversion*? And how many customers are lost because their post-purchase *Experience* fails to recognize them as existing customers?

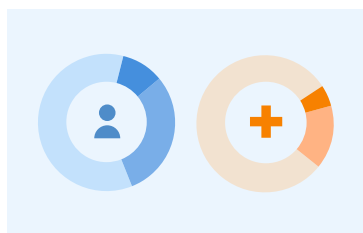
Thankfully you don't have to just imagine. [CMO.com](https://cmo.com) compiled some handy numbers for us:



80% of your future profits will come from just 20% of your existing customers



Increasing customer retention rates by 5% increases profits by 25-95%



The probability of converting an existing customer is 60-70%, while the probability of converting a new prospect is only 5-20%

Clearly, maximizing the lifetime value of every customer who reaches *Conversion* should be top-of-mind for marketers. The goal should be to get the customer into that spiral and make their experience so amazing they never want to leave.

A key component of reaching that goal is transactional email. These vital customer communications — communications your customers welcome enough to open and click at rates marketers dream of — are prime opportunities for:

- Cross- and upsell opportunities
- Soliciting reviews or referrals
- Reinforcing your brand experience
- Furthering the customer relationship to foster brand loyalty

Yet for far too many Enterprise organizations, transactional emails are left in the hands of engineers who tend to think of them as *set-and-forget* triggered messages that serve a solely functional purpose.



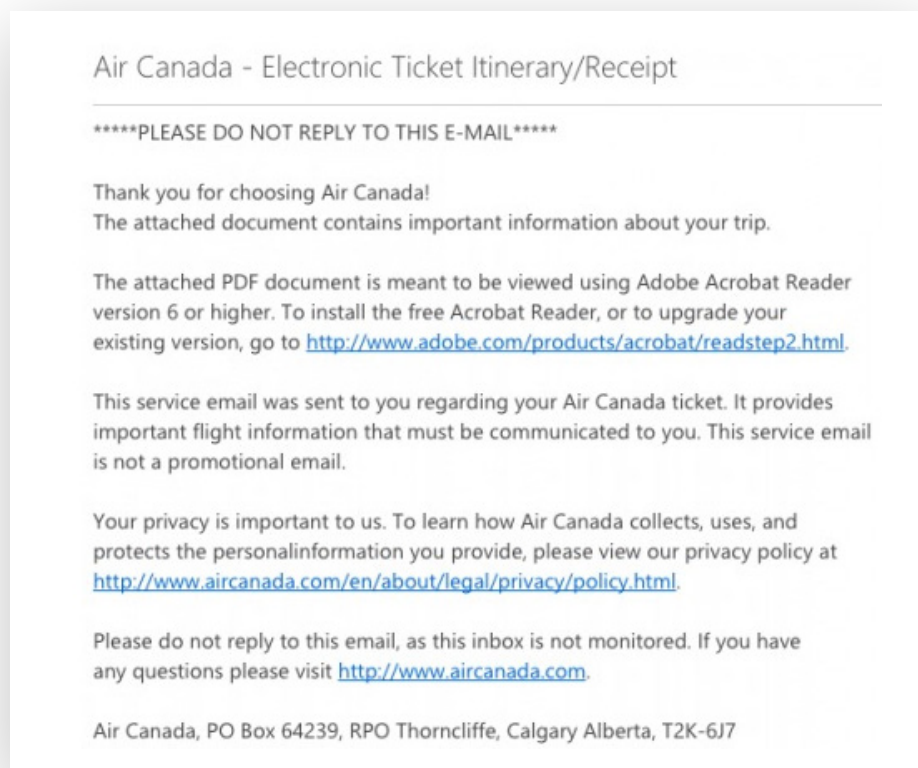
Startups have shown us there's a much better way, a way that allows for content testing and optimization to find the right balance between the function of the email and the marketing opportunity it represents.

How do they do that? Well, first of all, they prioritize transactional email and implement processes that allow cross-functional collaboration on their creation, testing, and optimization.

But we'll get into that in a bit — first let's look at an example of the kind of lacklustre transactional email we're talking about.

## The Bad

The email sample below, from Air Canada, was sent as recently as 2017.



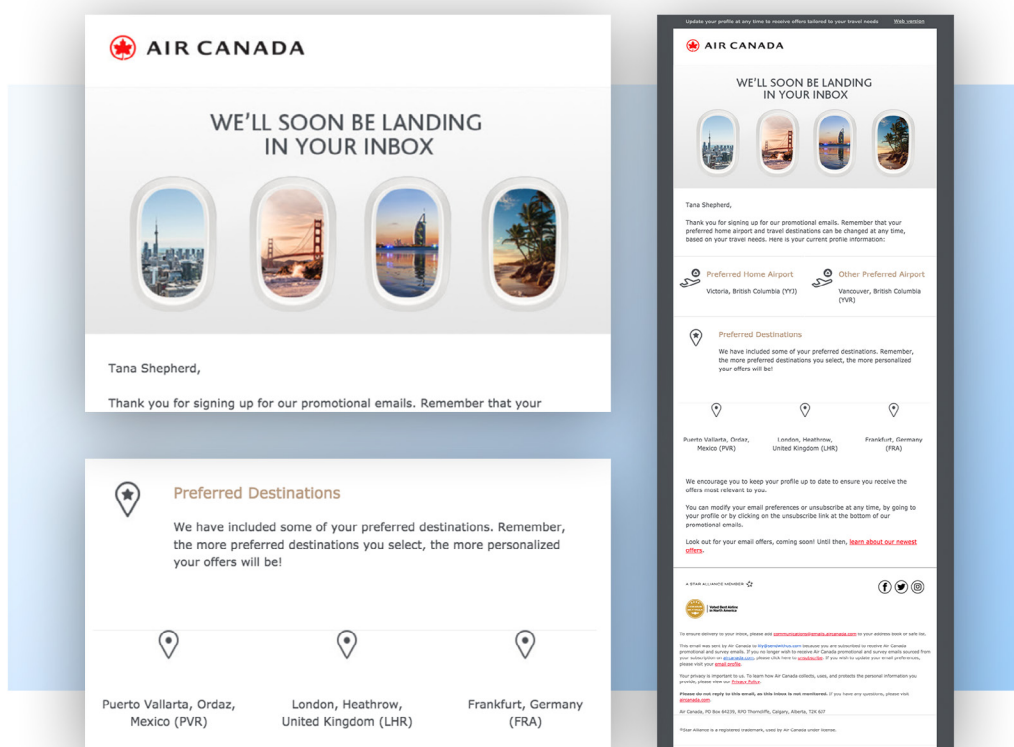
The brand experience of this email is virtually non-existent. Air Canada's [website](#) looks, feels, and sounds nothing like this, nor do their promotional emails. There is nothing visually appealing about it, it's not personalized in any way, and the text provides no relevant information, burying the most important content in an attachment.

Content trapped within an attachment. In 2017.

And to add insult to injury, it's from a *do-not-reply* email address, with a link to the website home page as the only option to contact the company — it doesn't even point to a Contact page.

To be fair, the example is not an Air Canada booking confirmation email — those are actually okay. The sample email is the result of making a change to an existing booking, so a little more obscure in terms of how it gets triggered and how often it gets sent. But that also makes it a perfect example of how transactional emails, buried within the code base, can remain old and out-of-date for far too long, simply because they're either forgotten or too difficult to update.

Now compare that to one of Air Canada's promotional emails.



This email is on-brand in every way that matters — visually it looks like the company website, both in terms of design elements (logo, images) and fonts, and the copy uses the same tone and voice as those used on the site.

It's also personalized with the recipient's name and a reiteration of the preferences selected during sign-up.

But even though there's still a fair amount wrong with this second example — it's also from a *do-not-reply* address and the link to update preferences is buried deep within an excessively long footer — it's a vast improvement over the first.

So why did Air Canada do so poorly on the first but so much better on the second? Simple. The first is a transactional email that some product team probably set-and-forgot years ago and no one has thought to touch it since. Existing customers will continue to receive this email until someone finally clues in to the fact that it's a terrible customer experience. And even then it will only be fixed if they present a convincing enough business case to justify the expenditure in time and resources.



In contrast, the second email is a marketing email intended for new customers who have just signed up to receive promotional communications. It has been carefully designed and tested and tweaked and tested again and optimized to fully reflect the same brand experience the customer will find on the company's website. And it's probably (hopefully) still being tested.

So if 20% of existing customers account for 80% of future revenue, why is the new customer given the cadillac treatment while the existing customer gets a plain text-ish, non-personalized, unhelpful, and uninformative notification about an important change to an existing — as in *already-paid-for* — booking?

That is an extremely good question and one we don't have the answer to. We can tell you that Air Canada is not alone — a great many Enterprise organizations, from every vertical, are delivering similarly poor transactional email experiences.

What we can also tell you is that it doesn't have to be that way. It isn't just possible to revise, test, and optimize transactional email with the same care and attention as promotional email, it's imperative, especially if you value your existing customers and hope to have any chance of maximizing their lifetime value.

# The Basics of Exceptional Transactional Email

Before we get into some examples of great transactional emails from noteworthy startups, let's take a quick look at some of the basic components essential to getting these important communications right.

## Brand Consistency

Brand standards evolve over time, for every business, regardless of size. Visual elements, such as logos and fonts, will change based on current design trends; voice and tone of text content will change based on shifts in your brand personality or your target demographics; and functionality will change as technology advances. Yet for many Enterprise organizations, transactional emails too often fail to reflect such adjustments, resulting in significant inconsistencies, the severity of which will depend on how much time has passed since a transactional email was created or last updated.



Your transactional emails should communicate the same brand experience as your website, your content, your app, your promotional emails, and your physical stores (if you have them). Your emails should look, feel, sound, and behave in ways that your customers will instantly recognize and associate with your brand.

And whenever there is a branding change, your transactional emails must be updated to keep pace.

## Personalization

It's shocking how many companies who ask for a name during account creation or checkout are still sending transactional emails that open with 'Dear customer' or with no greeting at all. But while it is important, personalization is about so much more than addressing your customer by name.

Air Canada could have done so much better by including the important information in the body of the email, while providing offers relevant to the flight — seat selection, the chance to pre-purchase in-flight meals, upgrades, etc. They could have gone even further by providing information specific to the destination, such as weather, exchange rates, attractions, ground transportation, etc.

A transactional email is the closest you will ever get to a truly one-to-one engagement with a customer. Failing to adequately personalize the message means failing to make your customer feel seen, heard, and recognized. It also carries with it the risk of alienating a loyal customer by failing to acknowledge them as such.

But don't just take our word for it — a [2017 Monetate study](#) revealed that 79% of businesses that exceed revenue goals have a documented personalization strategy, and that they use personalization in transactional emails at least 78% of the time.

## Jettison the Do-Not-Reply

An email from a do-not-reply address is like a retail clerk wearing a badge that reads, “*I am not here to help you.*” And we get it — *do-not-reply* was created to help customer support teams meet their service level agreements by lowering incoming volume, forcing customers to return to the website to hunt down self-service help options instead.



But while that's great for your SLAs, how's it working out for your customers? According to [PriceWaterhouseCoopers' Future of Customer Experience Survey 2017/18](#), nearly 80% of consumers prioritize speed and convenience as the most important elements of a positive customer experience.

Some customers prefer self-service help and for them, those options, as long as they're done well, will adequately meet their needs.

But for a customer who prefers to email with a concern about a transactional email, a *do-not-reply* address will not inspire confidence in either the speed or the convenience of reaching a resolution. It can, in fact, alienate an already unhappy customer even further.

Make it as easy as possible for your customers to reach you via whatever channel works best *for them*, not for you. That means if they hit 'reply' on a transactional email, their message should reach a real person — and result in an appropriate response.



## Design for 'Mobile First'

Some 54% of all emails are opened on mobile devices and 80% of customers will delete an email if it doesn't look good on their phones.

Yes, those stats include transactional email. That means if you haven't optimized your transactional emails to perform well on mobile, you're failing to reach as many as 80% of your customers.

## Focus on a Single Call-to-Action

Your email should have a single goal, with a single call-to-action leading the customer to accomplish that goal. An order confirmation might have a 'Track Your Shipment' CTA; a 'friend request' app notification would include a 'Confirm' CTA; and a credit card expiry notice should include an 'Update Now' CTA.

The email can include secondary links — menu navigation, links to related product recommendations, 'update preferences', etc. — but there should be only one, primary CTA.

## The Good

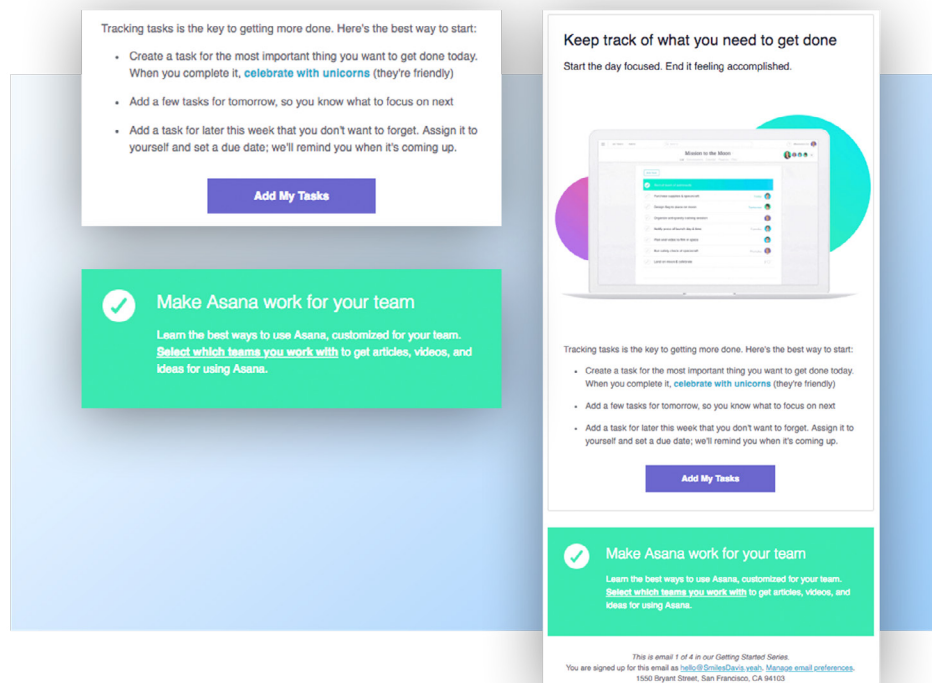
Now that we've taken a look at The Bad, let's take look at a few examples of The Good.

### Welcome Email

Asana's welcome email is straightforward and to the point, providing a simple, three-point getting started action plan with a clear CTA.

The email loses a point or two for not being personalized but hey, it's a Welcome email, they hardly know us yet. And Asana more than makes up for it in brand personality. You can't see it here, but the image is actually an animated GIF that reflects the in-app experience. And who can pass up a chance to celebrate with unicorns?

**Subject: Welcome to Asana**

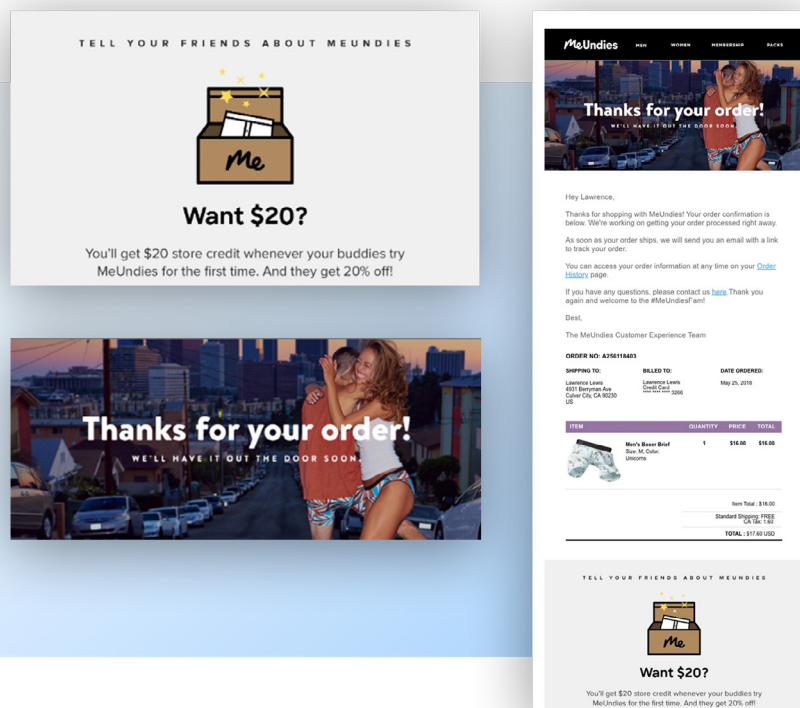


## Order Confirmation

Order confirmations are often the ugliest step-sibling of promotional emails going. It's shocking how frequently they still arrive as plain text, with virtually zero branding and all the personality of a soda cracker. An unsalted soda cracker.

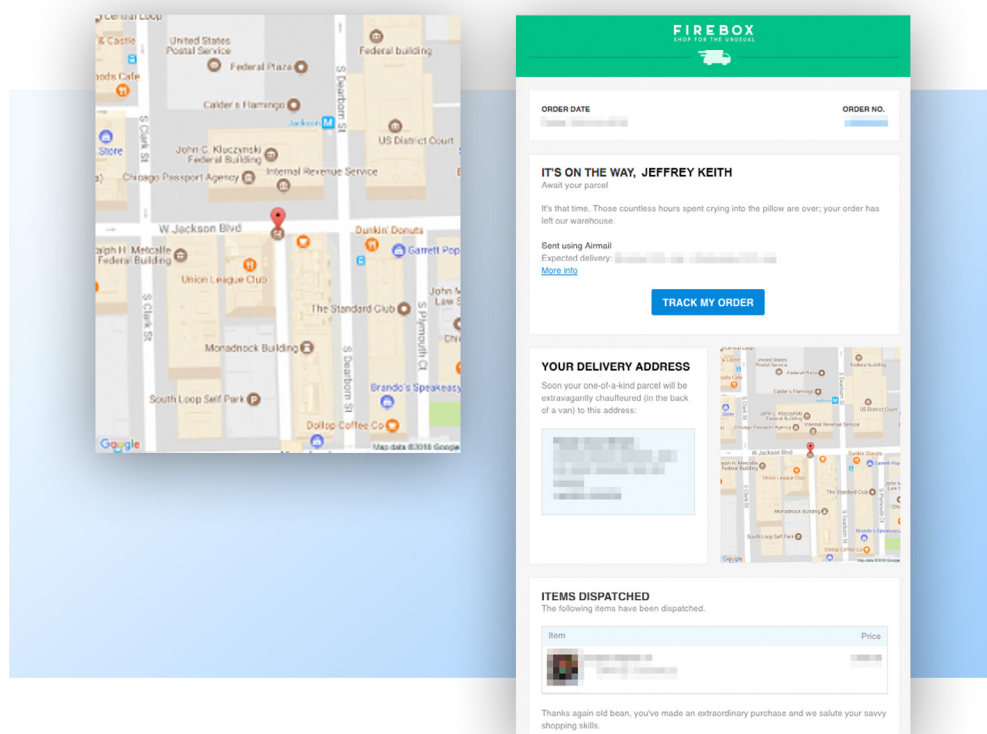
But MeUndies, the subscription underwear retailer, gets it right. Their order confirmation includes the high-quality photography they're known for, featuring people doing fun or unexpected things in their unmentionables. It provides full details of the order, including a product image, and it sets clear expectations regarding what to expect next, with simple links to view the order online or contact the company directly.

But the email goes even further, offering the customer a \$20 credit for every friend who makes a first-time purchase, and those friends will each get 20% off, encouraging both loyalty and referrals.



## Shipping Confirmation

Founded in 1998, UK retailer Firebox can't technically be called a startup, but they definitely approach email in the startup spirit. The copy reflects the brand's offbeat personality while still succinctly providing all the necessary information — item ordered, shipping method and delivery timeframe, a CTA to track the shipment, and even a handy street map of the delivery address.



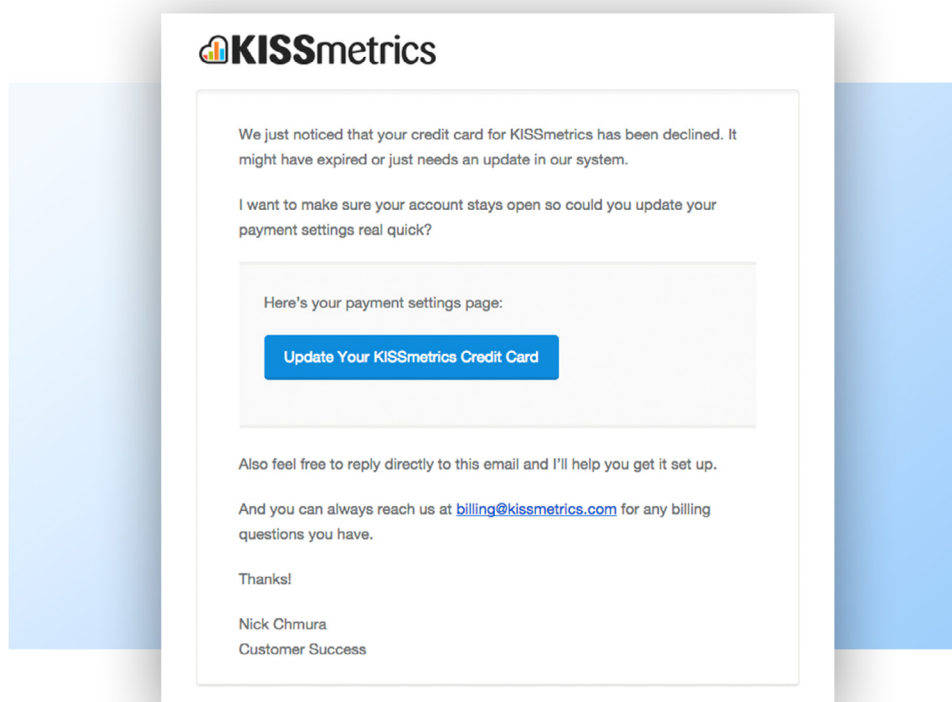
## Dunning Email

Let's face it — businesses don't like sending dunning emails any more than customers enjoy receiving them. It's never pleasant to notify a customer that their credit card has been declined or that their account will be suspended or deleted if payment isn't received within x days.

But when done well, a dunning email can be your opportunity to re-engage the customer, prevent churn, and increase retention.

This great example from KissMetrics is completely on-brand, striking just the right balance between being helpful while conveying a sense of urgency about keeping the account open. And it's from a human being, someone with a name, who is extending a direct offer to help.

**Subject: Got a second to update your credit card?**

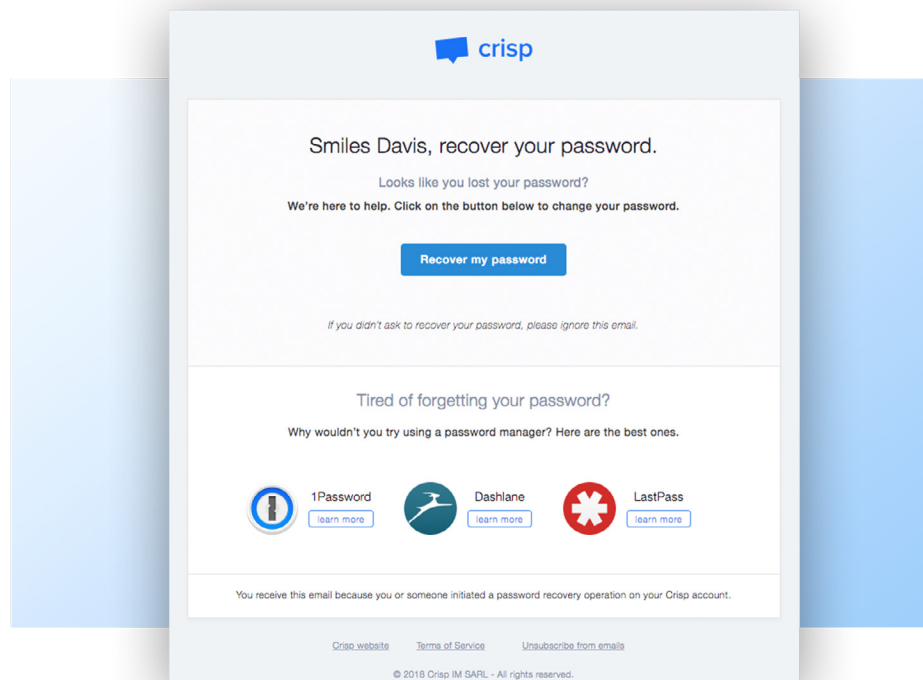


## Password Reset

Who in their right mind would ever think of using a password reset email as an opportunity to make product recommendations? Well, Crisp, a live chat application, did. And it works because the products being offered relate directly to the problem of... forgetting your password.

The recommendations aren't even products Crisp has any affiliation with, they're just being awesome to their customers, trying to genuinely help them with the ubiquitous problem of password management. But if done carefully — *very* carefully — and with the same, spot-on relevancy as the Crisp example, any brand could employ the same tactic to cross- or upsell.

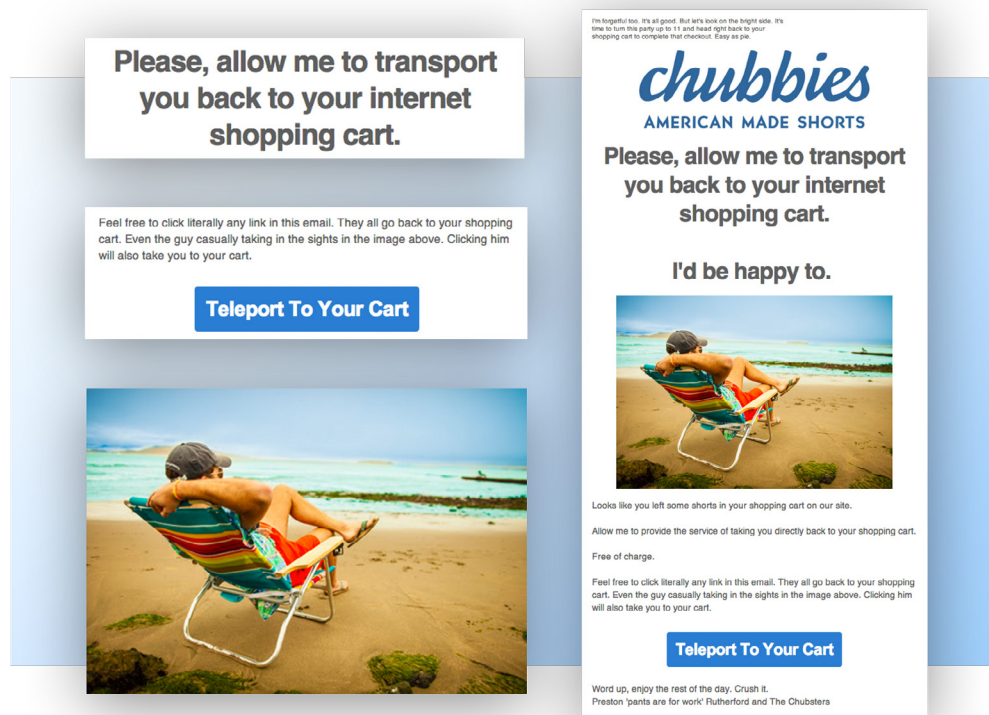
And even without the recommendations, the email is on-brand, reflective of both the Crisp website and app, personalized, to-the-point, and with a clear, simple CTA.



## Abandoned Cart Reminder

Chubbies knows their audience. The men's apparel retailer defined their brand from day one as *nerdy-in-a-retro-and-funny-kind-of-way* and it resonated immediately with their target demographic, men aged 18-35. Their abandoned cart email reflects that brand identity to a tee. The 'teleport' and 'transport' references are appropriately retro and nerdy, the image of the dude chilling on the beach in his Chubbies is appropriately cool, and the suggestion to turn 'this party up to 11' is appropriately funny.

And they make checking out super-easy, going way beyond a primary CTA button by making every single link in the email, including the image, lead the customer back to their shopping cart.



## App Notification

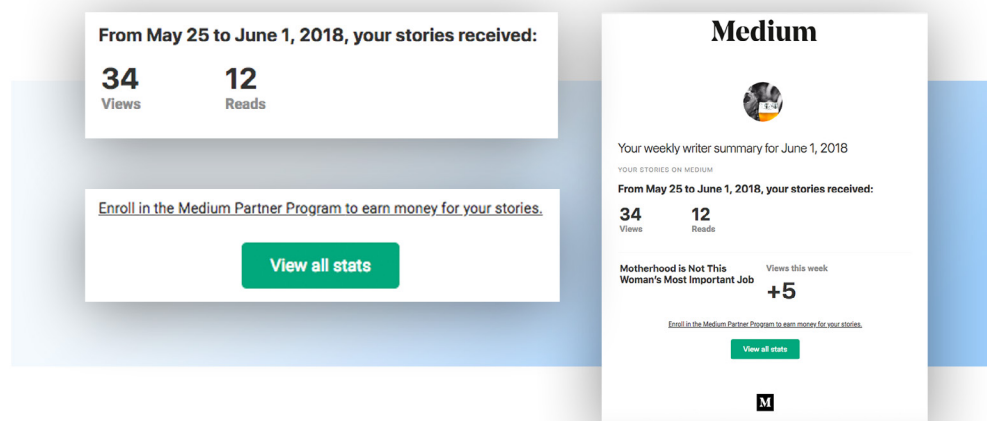
This notification from Medium, the online publishing platform, hits all the right notes. It's clear and concise, on-brand, and provides information that is important to the user.

Medium's stats notifications are actually quite brilliant. They provide all-important 'View' and 'Read' statistics for the user's best-performing content. They include the week-over-week change for that story, providing insight to established and aspiring writers alike, which in turn inspires the continued creation of new content. The primary CTA links to all stats for all the writer's stories, but there's also a secondary link encouraging the user to join the Partner Program, which is a way they can earn money that also benefits Medium's bottom line.

So this email accomplishes what all good notifications should. It:

- Provides information valuable to the user
- Gives the user an enticing reason to return to the platform and continue using it
- Provides a gentle nudge towards a monetized option

**Subject: Stats for your stories: May 25–Jun 1**



## The How

But how do startups execute on transactional emails so well?

First of all, they recognize the importance of transactional email to their bottom line. These emails don't just serve a purpose, they generate revenue — [revenue from existing customers who spend 67% more](#) on average than new customers.

And secondly, in order to realize that revenue potential, startups implement processes that allow collaboration between the cross-functional teams responsible for transactional email, simplifying workflows to make it easy to create, test, and iterate on their content.

The goal is not for marketers to wrest transactional email out of Product or Engineering's death grip. The goal is to facilitate meaningful collaboration, between all stakeholders, on every existing and new transactional email your organization sends.

That collaboration is the key to making transactional email the cornerstone of your efforts to maximize the revenue potential of your existing customers.

Our white paper, [Next Generation Email Content Management](#), dives much deeper into the nuts and bolts of how to facilitate the kind of collaboration required for a successful transactional email program, but the basics are outlined below.

### Prioritize Your Existing Customers

That means giving the retention of existing customers the same care and attention you give to the acquisition of new ones. It means putting at least as much thought and strategy into all the customer touch points that come after *Conversion* as you do into those that come before. But because the average spend and lifetime value of existing customers is so much greater, you might even consider giving them a bit more.

And in order to do that, you also need to...



## Prioritize Transactional Email

That means getting them out of the code base and into a system that allows your teams to create, test, and iterate on transactional email content as easily as they do for promotional emails.

Because of the complexity of transactional emails — i.e. how/when they're triggered, the data access required to populate the content, etc. — a system that allows for the creation, editing, and storage of reusable templates is ideal.

Implementing this kind of template repository will require developer resources up-front but long-term, dependence on developer help with transactional email will be significantly reduced. Less-technical users will be able to make simple changes to copy or images themselves, requiring dev help only when more complicated code changes are necessary.

A process for testing emails is also critical, to ensure proper rendering across a wide variety of email clients and devices before a template goes into production.

It's also absolutely crucial that you implement a standardized approval and publishing process. Whether it's Product, Marketing, or some other team creating an email, you should ensure there is a review process in place, a person or people who are responsible for ensuring every email passes muster before going into production.

The individuals with approval authority should be accountable for every email, including its:

- Code integrity
- Brand consistency
- Regulatory compliance

Once a template is approved, you can publish it to your production environment by whatever method works for you, such as real-time event-hooks to sync published templates in your repository with those in your production environment, or regularly scheduled API calls to replace all previous versions with currently published versions.

While prioritizing existing customers and transactional emails may involve a significant shift in mindset for many marketers, doing so requires more than just a new way of thinking. You should also be prepared to allocate time, resources, and budget. Fast, easy, and cheap are three terms that are almost never associated with an overhaul of a transactional email program.

But as many successful startups have shown us, the returns can be phenomenal. Startups have taken the lowly, purely functional transactional email and made it part of their overall marketing strategy, part of the overall customer experience. By making it look, feel, sound, and behave in ways that authentically reflect their brand — including website, brick & mortar, promotional email, social media, etc. — startups are building near-fanatically loyal customer bases that many Enterprise organizations still only dream of.

Remember that CMO Council statistic we started with?



**87% of Enterprise marketing leaders surveyed are not realizing the full revenue potential of their existing customers.**

Isn't it time to change that?

Startups have much to teach Enterprise about leveraging transactional emails to improve customer retention and loyalty, with the corresponding impact to growth and their bottom line.

Enterprise organizations who take those lessons seriously, and who take action on them, will be that much closer to making the dream a reality.



Dyspatch is a cloud-based communications management platform that helps Enterprise organizations centralize their email creation, approval, and publishing processes. The powerful API, visual editor, and built-in device testing allow for cutting-edge email strategy and execution, while helping establish consistency in both branding and legal compliance across multiple teams.

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