

Preparing Your Customer Contact Data for Retail Peak Season

A Guide for Better Customer Communication During the Holidays

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This edition published August 2014

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Introduction

Imagine a scenario where your customers can't receive your emails or your postal deliveries. Your email service provider is on the phone saying their hands are tied, angry customer emails pile up from orders that never arrived, and your company's entire C-suite tells you they are losing sleep over your job function. And it's the peak season – the time that all retailers know is essential for hitting revenue goals. Preparations that began in the summer are falling apart. Shored up inventory sits unsold, because you couldn't communicate with your customers to bring in sales. Employees and temporary seasonal staff hired on to help with extra orders are fixing addresses on undelivered orders instead of new business.

What if sales over the peak retail season never materialized? How many business plans and revenue goals would be affected for months to come, if not years? These are the consequences at peak season if your contact data is invalid. While there are some things that are not under your control, such as bad weather or carrier delays, you can control the quality of your contact data. Invalid data affects all businesses, from small organizations to Fortune 1000 companies.

The huge opportunity presented by the holidays grows exponentially every year. Retailers consistently set new records during this time between November to December for sales and shipping volumes. In 2014, for the first time, retailers can purchase the newly-created .blackfriday website domain for their ecommerce efforts during the day after Thanksgiving. Cyber Monday is now the biggest online shopping day of the year, capping off the Thanksgiving weekend for bargain-hunting customers.

Retailers know that the holidays come with big opportunities. However, invalid contact data is a major risk to success over the peak season, since customer communication is the key to driving sales online and in-store.

Customer Email and Postal Address Data

One of the most important customer communication methods with the best ROI in the business is email. Equally essential is a customer's postal address. Without an accurate address, it's impossible to ship orders on time. Promises of an on-time delivery before a particular holiday aren't met, resulting in crestfallen customers on Christmas. Having accurate email and address contact data will help you meet customer expectations, bring down costs, and hit sales goals during the most hectic time of the year.

Retail Email is Hottest Over the Holidays

Email is triply important for multichannel retailers during peak season. You use email to communicate with your customers about your sales on three essential days. Email is sent out on Black Friday to drive online deals and in-store deals. After that, it is sent on Cyber Monday to drive online sales. It's a high volume time even before the days themselves, because email is also being sent out prior to these days for pre-promotion. Finally, email communication is sent to customers on or around the end of December for the final holiday push. Another cause for major email volume from retailers is after the peak season ends, as they push post-holiday sales and markdowns to customers.

If you cannot reach customers in these hugely important days, it can spell disaster. 20-40 percent of retailers' annual sales come from peak season, according to Daily Finance. If you cannot reach customers to drive them to stores or to your website to fill shopping carts, your shelves and warehouses will stay full.

This is definitely a problem that would keep your executive suite up at night if you could not reach customers as planned during this critical time. Unfortunately, this is a very real issue when it comes to communication via email. Keep in mind that email volumes go up during peak season, and retailers tend to reach out to every contact record they have at this time – including legacy data. These practices can damage your email sender reputation.

Consequences of a Poor Sender Reputation

Any retailer, big or small, that sends email to a list of contacts is at risk of not being able to reach customers due to a poor sender reputation. Sender reputation has a big impact on your email marketing efforts. The Direct Marketing Association reports that 80% of email delivery problems are caused by a poor sender reputation, and 77% of emails sent are blocked due to a poor sender reputation.

An email sender can be blocked for up to 15 days – a devastating amount of time over the critical peak season time period. Historically, more email senders experience blocks or end up in the junk folder during the holiday season than any other time. In fact, the day after Thanksgiving has a different name among email service providers: Blacklist Friday (a term coined by CakeMail in 2011).

A poor sender reputation can cause your emails to be blocked, so they never reach their intended targets. Having a low sender reputation is a lot like having a low credit score. If you have a low credit score you are limited to what you can do in the financial world. If you have a low sender reputation, you will be limited to what you can do in email marketing campaigns.

The effect of poor sender reputation can have huge implications around the peak season for retailers. If you cannot reach customers at this time, your sales will suffer. Many retailers we spoke to at Informatica, even those on the Fortune 1000, have to completely change how they send email due to modern best practices like email verification and email hygiene, which works as a forensics unit for your contact lists.

Retail Risks

Risk #1: Spam Traps

A spam trap is an email address created specifically to find spammers. About 200 spam trap networks are in operation. The logic is that since the email address is not owned by anyone, senders should not have it on their contact lists. The network managing these spam traps assumes any email it receives to that address must be from a spammer, since any email it receives is by definition unsolicited.

Informatica's benchmark studies found that about 1% of an entire database on average has email addresses that fall into the 'spam trap' category, however, even that small number can destroy all of your efforts for the other 99% of your list. Sending to even one spam trap can destroy a sender's reputation, according to Return Path. The chance of this happening is decreased if you acquire your email lists organically, but goes up significantly if you purchase your lists. It's also important to be wary of your legacy data, which retailers may dip into to increase email communication over the peak season with the goal of increasing sales. Older legacy data could contain spam trap email addresses. Make sure you're not emailing to these traps. Naturally, new

trap networks begin to circulate during the holiday season, and these networks become more active. The goal of the trap networks is not to hurt a legitimate business. Their goal is to rid the world of spammers.

Being blacklisted can happen to any organization. When a bulk email sender of any kind is blacklisted, the end result is the same, no matter if that sender is a legitimate organization or a spammer using illegal methods.

Risk #2: What Happens After You Press “Send”

Other risk factors that affect your ability to send email include the percentage of messages accepted, how often messages are bounced, and how often you’re sending email to malicious or suspicious email addresses. Because of these factors, one of the worst mistakes a retailer can make is dipping back into stale inactive contact data around the holidays with the goal of reaching as many potential customers as possible.

Going back to this old data without verifying and cleansing first is dangerous anytime, but can seriously jeopardize your peak season efforts. The holidays should be about engaging your loyal customers, not just any contact lists that represent all of your available legacy data.

Commonly, retailers increase their email volumes around holiday peak season dates. Sending too much email, however, is one pitfall that can damage a sender reputation. It’s easy for your customers to tune you out due the sheer volume of messages they are receiving from your brand. Customers will also be more likely to flag your email as spam if they feel that they are receiving too much.

Over-sending can also be a red flag for email service providers like Gmail, and it could affect your sender reputation. It may seem like your brand’s email volumes are more than reasonable, but keep in mind, that’s not all you’re sending out. Here are some examples of not-so-obvious sources of increased email volumes.

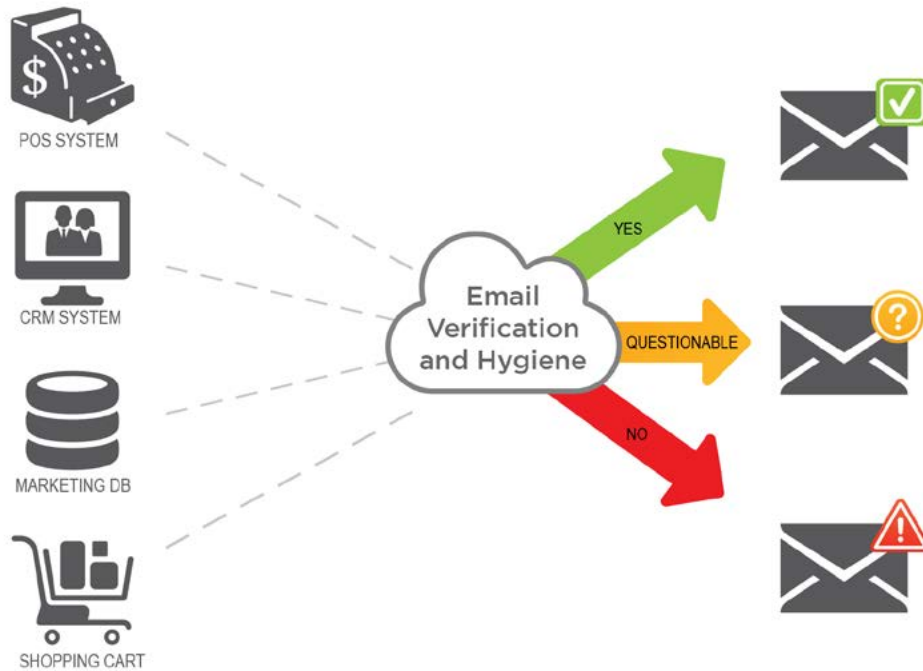
- Customers emailing last minute e-gift cards, increasing your volumes unpredictably
- Service-oriented emails, such as abandoned shopping cart reminders
- Welcome emails when someone joins your mailing list, which are likely to increase as customers seek out deals
- Receipts sent after a customer makes a purchase in-store
- Automated customer satisfaction surveys after a website or in-store purchase

Consider the volume of email your organization is sending out around the holidays, and decide if higher volumes are worth potentially losing subscribers, higher spam complaint rates, and having customers tune you out due to oversaturation in their inboxes.

Risk #3: Omnichannel Retailing

Omnichannel retailing means putting the customer experience first. Customers want the same personalized experience across all buying channels, whether in-store, online, mobile, social, or by phone. Bringing together supply chains, distributors, inventories, warehouses, and transportation around the world into one customer experience that comes from multiple channels is a huge undertaking.

As a retailer becomes more omnichannel, they are creating more ways to acquire customer data. More places to collect data means more places for invalid and suspicious information to make its way into your contact lists. Digital channels in particular are growing more popular with customers every year. Cleansing and verifying this data at the point of entry – before you ever email or send a delivery to a customer – is the best way to eliminate this as a risk factor.



Above: Sources of customer email addresses from omnichannel retailing, including point-of-sale, CRM systems, marketing databases, and shopping carts.

Accurate Addresses are Retail Gold

Hopes over the holidays just keep getting higher and higher for your customers. Customer expectations are crucial to meet during the peak season. Nearly 30 percent of customers will never shop with a retailer again if they experience just one shipping error, according to Material Handling and Logistics magazine.

Many ecommerce sites offer overnight shipping or guaranteed arrival by the holidays. To keep ahead of the competition, you want your customer experience to outshine any others. Poor address quality is something you can control, so that your customers do receive their orders on time as you promise.

Because of the variety found in contact data entry forms on the Internet within shopping carts on ecommerce sites, it's easy for mistakes to happen. Different field names, page frames and data flows confuse even the most seasoned shopper. This often results in incorrect, incomplete or missing customer data.

While carrier delays or bad weather are typically blamed for shipping delays, a study by Kurt Salmon found that during the 2013 holiday season, retailers were responsible for more than 50% of shipping delays. Using address verification to ensure the quality of your contact data ahead of time – before the customer's order is packed – helps ensure orders arrive on time.

Address quality also reduces the time that employees must spend manually correcting addresses and dealing with returned mail that has to be re-sent or put back into inventory, which is especially important during peak season.

How To Verify and Cleanse Data

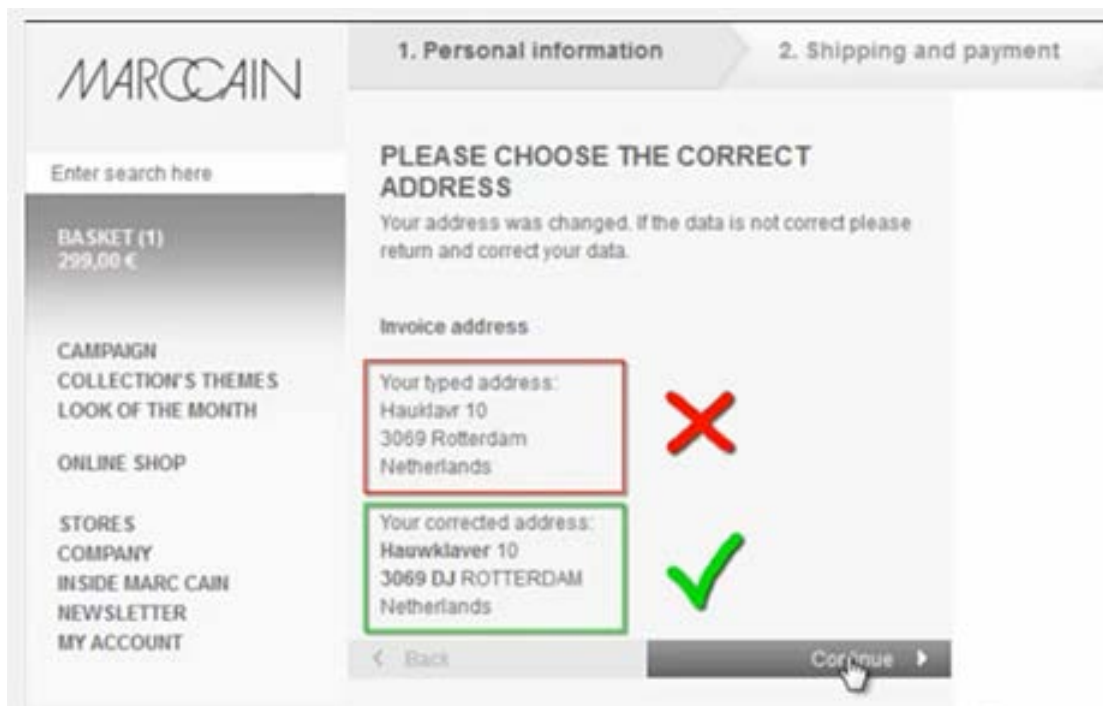
Email Addresses

There are two places you need to verify and cleanse your organization's customer email addresses. First, use a batch process for an entire set of existing contact data all at once, run on a regular schedule. Then, apply a real-time verification and hygiene process at the point of entry, whether on a web form, shopping cart, in a CRM, or any other channel that an email address is added to your contact data. These two implementations improve your data in the two places that it lives: as existing data, and as future, incoming data.

Verifying an email address is a process that checks if the address fits industry email standards, determines if the domain name exists, and checks against mail servers to determine if a specific username exists. Email hygiene works as a forensics unit for your email contact lists. It locates email domains involved with spam networks, traps, and other malicious threats.

Mailing Addresses

Applying address validation at the point of entry and in a batch for existing data is also a best practice. Address validation solutions can do more than verify whether or not an address exists. Make sure any address quality solution has the right postal certifications, so you know the data is correct. Translation of address data from non-Latin script may also be a consideration, depending on what countries your customers live in. A solution should be able to improve your address data to identify each address element and format it to fit postal standards. Enrichment might be an important consideration, if you want to know about change of address notifications for a given contact record, for example.



Above: An example of address verification at the point of entry on a web form, prompting a customer to select the corrected address.

Conclusion

Right now is the time to apply best practices to your email and address contact data. Being proactive about your contact data is the first step. Other important preparations that retailers should consider before peak season include:

- Consider using double opt-in for your email marketing subscribers
- Create a schedule that safely increases your email frequency over holiday times
- Remove bounces and unengaged email addresses who never open before they cause you a problem
- Remove invalid email addresses
- Have an upfront validation system in place, so when customers fill out a form, they make corrections to any errors while they are still engaged

Start a free trial of Email Verification Plus Hygiene:
<http://offers.strikeiron.com/email-verification-hygiene-1>

For an interactive demo of Informatica AddressDoctor, visit
<http://www.addressdoctor.com/en/international-address-validation/online-demo>

Retail Case Study: BCBGMAXAZRIA

Customer Profile

Always on the forefront of fashion, BCBGMAXAZRIA is the premier lifestyle collection for the dynamic woman. Fusing creativity, accessibility, desirability and wearability, BCBGMAXAZRIA occupies a unique position in the American fashion marketplace, offering sophisticated, confident designs that take consumers from day to night in style.

The Challenge

After a six-month effort to build a program using data quality standards, email marketing opt-in efforts at BCBGMAXAZRIA in-store and online showed excellent results. BCBGMAXAZRIA's email contact list had grown by 45 percent. Engagement with its audience grew, including open rates and click-throughs.

"What do metrics mean without good data?" Tommy Lamb, Manager of Ecommerce Marketing at BCBGMAXAZRIA, said. "Your best email marketing efforts mean nothing."

BCBGMAXAZRIA wanted to proactively take control of their sender reputation to ensure email deliverability before problems occurred. To eliminate blacklisting as a point of frustration for the successful email marketing program, they needed a way to verify and cleanse email addresses collected on their ecommerce websites and in-store at point of sale.

"I wanted to get a handle on a nebulous and mysterious issue of email addresses that could hurt our sender reputation," Lamb said. BCBGMAXAZRIA also needed to integrate its email validation efforts into its ExactTarget marketing automation platform.

"When you have bad data, you don't have as much control over the success of your marketing efforts," Lamb said. "Verifying my email contact lists with Email Verification Plus Hygiene keeps my sender reputation up high."

The Informatica Solution

After researching available solutions, BCBGMAXAZRIA determined Informatica to be ahead of the competition.

"There's really no other service, no easier way to tell which email address is bad, or a spam trap, or any of the other possibilities," Lamb said. "I like that the results are broken down and categorized, so everything is clear and easy."

BCBGMAXAZRIA installed the Email Verification Plus Hygiene solution within a matter of hours, through a pre-integration with their existing ExactTarget marketing automation platform. “The implementation process went without a hitch and was even faster than we had anticipated,” Lamb said.

BCBGMAXAZRIA segments its contact lists within ExactTarget and uses Email Verification Plus Hygiene on email addresses collected in-store and online in the US and Canada on a quarterly basis.

The Results

“When you have bad data, you don’t have as much control over the success of your marketing efforts,” Lamb said. “Verifying my email contact lists with Email Verification Plus Hygiene keeps my sender reputation up high, so when I need to reach customers at critical times, like Cyber Monday, I have confidence in my data.”

BCBGMAXAZRIA’s sender reputation score rocketed up significantly above industry benchmarks. “When I need to hit my sales plan, I can now step up my efforts and understand the risks before I send anything out,” Lamb said.

With improved deliverability and a stellar sender reputation, BCBGMAXAZRIA estimates that they are reliably reaching up to 15% more customers who would not have been reachable before using Email Verification Plus Hygiene.

About Informatica

Informatica Corporation (Nasdaq:INFA) is the world's number one independent provider of data integration software. Organizations around the world rely on Informatica to realize their information potential and drive top business imperatives. Informatica Vibe, the industry's first and only embeddable virtual data machine (VDM), powers the unique "Map Once. Deploy Anywhere." capabilities of the Informatica Platform. Worldwide, over 5,000 enterprises depend on Informatica to fully leverage their information assets from devices to mobile to social to big data residing on-premise, in the Cloud and across social networks. For more information, call +1 650-385-5000 (1-800-653-3871 in the U.S.), or visit www.informatica.com.