

A Forrester Consulting  
Thought Leadership Paper  
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# Elevate Your Email Marketing With A Customized Approach

Enable Personalized Experiences Across The  
Customer Life Cycle

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Customer-obsessed organizations integrate marketing solutions that communicate with customers on their terms, in real time.



82% of businesses use email to deliver their marketing messages, making it the most popular option in marketers' toolboxes.

## Executive Summary

In the age of the customer, organizations increasingly rely on business technologies that enable one-to-one digital conversations with their customers. Successful brands are those that orchestrate digital experiences specifically via the touchpoints customers prefer, aligning to moments in the customer life cycle and providing value at precisely the right moment on precisely the right channel.

Most of today's marketers, however, still insist on prioritizing promotional schedules and transactions over customers' wants and needs. As such, many businesses still struggle with the ability to use their email marketing campaigns to create those critical one-to-one digital conversations that strengthen the relationship between brand and customer.

In March 2017, SendGrid commissioned Forrester Consulting to evaluate the adoption of custom campaign management tools, and the challenges, successes, and opportunities that exist for businesses looking to create personalized digital conversations with their customers.

### KEY FINDINGS

- › **Marketers struggle to foster customer relationships.** Though companies rely heavily on email to impart their marketing messages, most are not aligning said messages to specific points in the customer life cycle. Email remains largely a promotional tool that lacks extensive personalization or contextual relevance, and therefore fails to cultivate deep, valuable relationships with customers.<sup>1</sup>
- › **Data challenges inhibit better customization in email marketing.** By far, the biggest barrier for marketers looking to evolve their email capabilities is a lack of understanding of individual customer journeys with their brand. Businesses try to integrate data but fail to transform that data into truly meaningful action. And this lack of deep customer understanding results in interactions that lack personalization and context.
- › **Customized tools that leverage vendor capabilities can lead to better CX and more impactful marketing.** Marketers see the value in gaining process efficiency and scalability by partnering with marketing solution vendors, while also craving the extensive customization that in-house development offers. Hybrid solutions that combine the two options result in more sophisticated email marketing triggered by customer interactions, as well as business benefits like improved customer experience (CX) and increased customer retention.

# Marketers Struggle To Personalize Experiences And Foster Customer Relationships

The key to winning, serving, and retaining customers in the digital age is to utilize data to deliver rich, immersive personalized and contextual experiences. Yet given the tradeoffs of current tools and implementation systems for marketing technology, many businesses still struggle in this arena. If businesses can overcome challenges to consolidate and manage data, they can leverage it for enhanced customer understanding, greater personalization, and the deeper customer relationships that will ultimately grow their business.

Our study found:

- › **Businesses rely heavily on email as the centerpiece of their marketing efforts, but most use it as a promotional tool.** Email is the most commonly used marketing channel, according to 82% of respondents. The next most common channels (social media and web) are used significantly less often, at 69% and 68%, respectively. Though popular, email is not being used to the full extent of its potential. The most commonly sent types of email are those that align with marketing’s promotional schedule with little to no regard for how customers are interacting with the brand. Sixty-three percent of respondents send promotional emails and newsletters, neither of which are likely to be highly contextualized or personalized (see Figure 1). These types of emails are mostly intended to push out marketing messages dictated by the brand’s strategy, not by customer journeys or personal data.



**Currently, email is used extensively, but not effectively.**

Figure 1

“Which of the following types of email does your company currently send?”

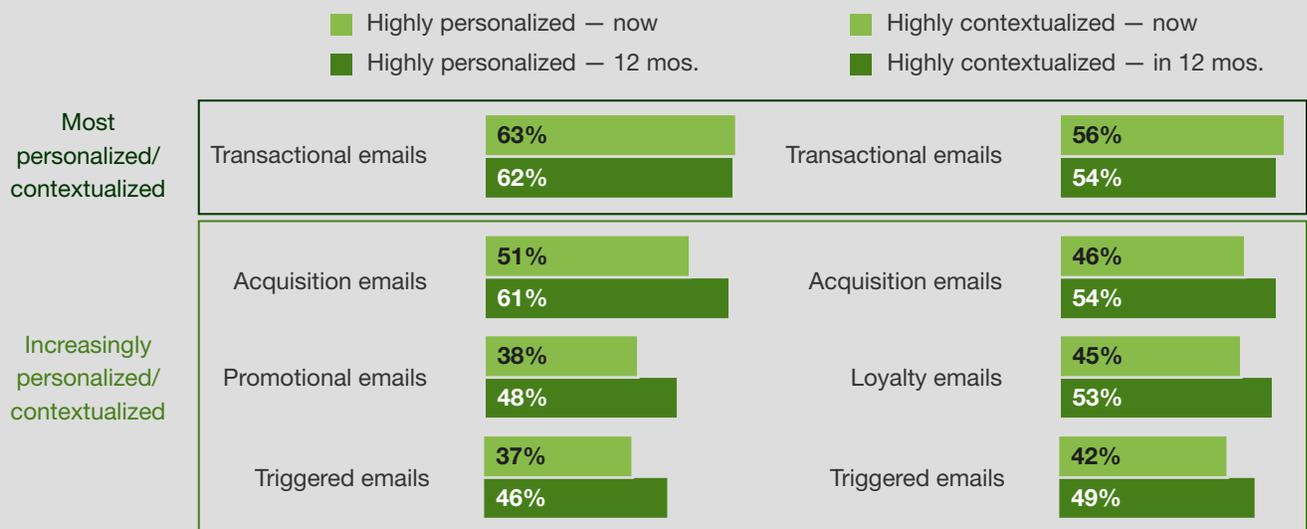


Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

- › **Few businesses tailor email strategies to stages in the customer life cycle.** Our research showed that marketers devote less of their time to the types of email that are most often aligned to customer behavior. Only 25% of survey respondents send drip campaigns — related messages delivered to customers over time — and only 40% send triggered emails, which are messages sent to subscribers based on actions or events. This lack of widespread use by marketers indicates a general failing of email outreach based on customer interactions. Even simple transactional emails (such as emails that alert the subscriber to account creations, password resets, and purchase receipts) are employed by only 46% of respondents. Clearly, there is ample opportunity for marketers to evolve their email messaging strategies to better align with moments in the customer life cycle.
- › **Marketers recognize the need to make their emails more contextually relevant.** Transactional emails currently see the highest levels of both personalization (63%) and contextualized content (56%), but marketers recognize that is not enough to meet customers’ rising expectations. Contextual content refers to messages and content personalized based on real-time behaviors, interactions, events, or environmental conditions. Over the next 12 months, marketers intend to increase the level of personalization in acquisition (10 percentage point increase), promotional (10 percentage point increase), and triggered emails (9 percentage point increase). They also intend to add more contextual relevance to loyalty (8 percentage point increase), acquisition (9 percentage point increase), and triggered emails (7 percentage point increase) in the coming year (see Figure 2). This is a move in the right direction if brands want to create ongoing relationships with their customers instead of just doing regular marketing pushes.

Figure 2

“Which of the following types of email does your company currently send?”



Base: Variable marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

# Data Integration And Management Challenges Undermine Seamless Experiences

For those marketers looking to better tailor email campaigns to their target customers, the path is far from clear. Companies face myriad challenges as they integrate data, content, and applications to deliver more seamless customer experiences. This research shows:

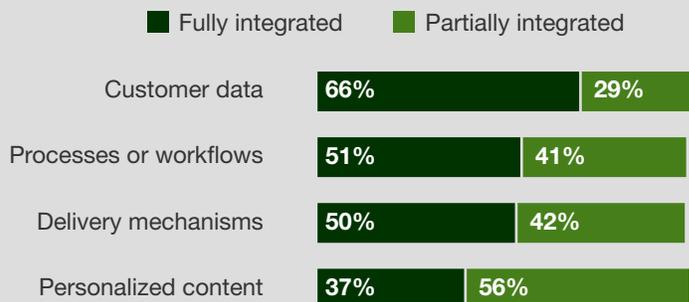
- › **Businesses struggle to map and learn from customer journeys.** Marketers face challenges with understanding customer behavior across channels and touchpoints (46%) and understanding the optimal customer journey (43%). The fact that nearly half of marketers surveyed struggle with understanding their customers speaks to a wider problem: Though they may know who their customers are, they don't necessarily grasp how these customers interact with their brand or how they generally navigate the increasingly complex digital world. The key to being customer obsessed resides in truly knowing your customer — and, clearly, this is a task where many marketers still fail.
- › **Data integration alone does not deliver influential, actionable insights.** Though two-thirds of respondents say data from their sales, marketing, and service applications is fully integrated with their email systems, that integration does not inform personalized content across these same service applications. Only 37% of respondents said personalized content is fully integrated (see Figure 3). Similarly, while the vast majority (93%) of businesses reported that their email data influences their other marketing capabilities, only half said it is highly influential (see Figure 4). Leveraging data to develop personalized and contextualized content helps marketers to decrease the insight-to-action gap. The problem, then, doesn't seem to be a lack of data, but rather the inability to properly leverage that data to foster and deepen customer relationships.



Understanding customer behavior and defining the optimal customer journey are the biggest challenges to marketers today.

Figure 3

“How integrated with your email systems are the following aspects of your sales, marketing, and services applications?”



Base: Variable marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

66% of respondents said their customer data is fully integrated between email systems and other marketing applications.

Only 37% said the same for their personalized content.

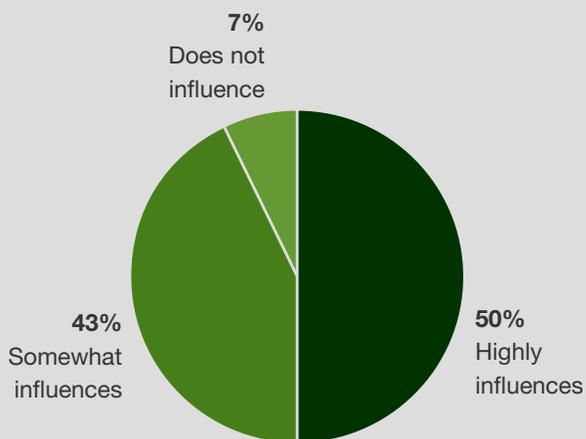
› **Data and personalization challenges impede one-to-one digital customer communication.** And the story remains the same when marketers attempt to create digital conversations with their target audiences. Consolidating data from different sources and channels and having the ability to personalize experiences across channels and customer touchpoints challenge businesses equally (these top two challenges each affect 50% of businesses). Additionally, creating personalized experiences is a challenge for 40% of businesses when it comes to sending emails specifically. Thirty-four percent of respondents also said that adding contextualized, relevant content to email messages is challenging. While these marketers are sending emails and attempting to reach their customers, they continuously struggle with ways to make those messages relevant and meaningful. Their failed efforts lend credence to the notion that brands are missing out on opportunities to develop deep, continuous relationships with their customers.



**Marketers must overcome data integration challenges to create personalized customer experiences that ultimately foster deeper relationships between audience and brand.**

**Figure 4**

**“Which of the following statements best describes how data and other information learned from your email marketing is fed into your other marketing capabilities?”**



Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017



**93% of companies say their email marketing data influences their other marketing capabilities.**

**But only half say it's highly influential.**

# Partner And Customize To Enrich The Entire Customer Life Cycle

Businesses need to maximize the value of those precious moments when customers interact with the brand. Choosing the right marketing solutions for their specific needs is a critical success factor. Though many businesses either choose to purchase off-the-shelf marketing tools or build their own, entirely custom solutions, integrating vendor solutions with custom in-house development provides a valuable third option. Partnering with vendors such as scaled API providers to craft custom campaign management tools provides greater efficiency and agility in building customer-obsessed strategies. It further enables deeper integration with operational systems to leverage data and insights for more personalized customer experiences. This hybrid approach accelerates the shift toward continuous engagement that enriches the entire customer life cycle.

Survey respondents noted:

- › **Technology vendors deliver business benefits to companies willing to partner.** Even as approximately one-third of respondents report building their own email marketing platforms completely in-house, nearly all marketers acknowledge that there are distinct business benefits to partnering with vendors when delivering requisite marketing technology. Specifically, businesses believe that working with vendors like email service providers improves process efficiency (38%), increases customer acquisition (34%), leads to better CX (34%), and provides differentiated products and services (34%) (see Figure 5).
- › **Custom campaign management tools provide a powerful option.** For businesses that require a high level of flexibility in their email marketing platform while still wanting to reap the benefits of vendor solutions, customization is an effective choice. Custom campaign management tools combine both vendor and in-house capabilities to create a marketing technology ecosystem that leverages commercial capabilities while meeting unique organizational requirements. To create these integrated solutions, businesses often write to a vendor's APIs to gain the vendor solution's core functionality and scalability while simultaneously writing code on the business side that applies marketing logic based on CRM data and/or real-time customer activity data; then these two separate aspects must be linked (see Figure 6). Importantly, these custom campaign management solutions address data integration challenges that prevent customer understanding and hinder relevant customer engagement.

**Figure 5**  
**Top Business Benefits of Partnering with Vendors**

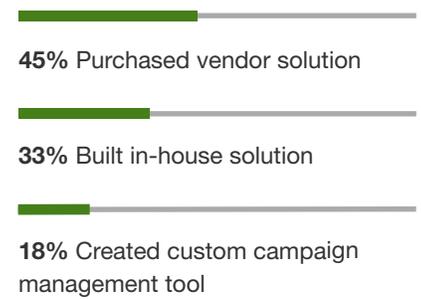


Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

- › **Custom campaign management tools deliver speed and flexibility.** Eighteen percent of survey respondents said they integrated both vendor and in-house capabilities to craft their own custom campaign management tools (see Figure 7). These marketing environments combine the core benefits of vendor solutions while offering customization via in-house development efforts. Businesses choose this particular method when they require the most flexible solutions and capabilities (47%) and speedy integration of new and existing solutions (45%) (see Figure 8). Furthermore, 22% of respondents who already use these tools say that this method allows them a higher level of customization and flexibility than an email service provider alone can provide.
- › **Customization aligns marketing with business goals.** Application development and delivery techniques — such as connecting operational systems via open APIs, writing in-house code that creates more seamless cross-functional workflows, and integrating real-time customer data sources — can help organizations maximize the value of their technology investments. Survey respondents told us that customization projects also drive business benefits, including: strengthened brand/enhanced brand awareness (36%), increased customer retention (36%), and better customer experiences (36%). Many also acknowledged potential increases to the bottom line, with 33% expecting increased customer acquisition and 32% expecting increased sales revenue.

Figure 7

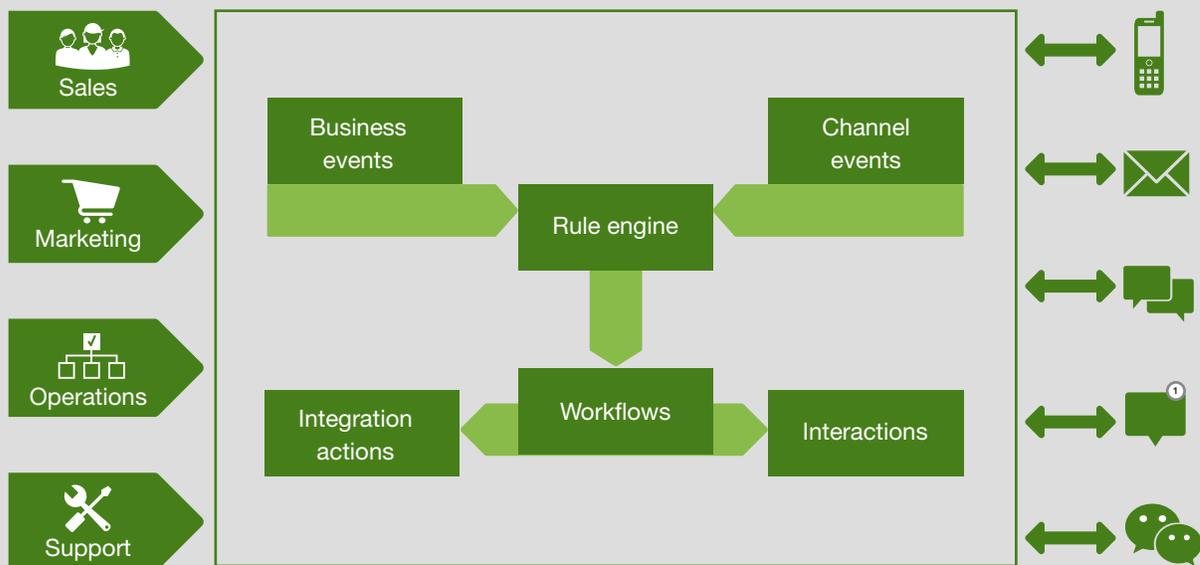
**Email Marketing Platform Implementation Methods**



Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

Figure 6

**Crafting a custom campaign management tool**



This diagram is a generalized schematic of what a custom campaign management tool looks like. Data flows into a custom-built rules engine and workflows which determines what messages are sent through each channel. Customer interactions with those messages feed back into the rules engine and workflows and, at times, back to the operational systems.

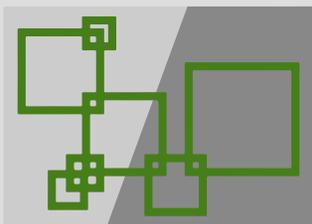
› **Businesses that adopt custom campaign management tools are on the path to life-cycle enrichment.** Those who have already adopted custom campaign management tools as part of their marketing technology ecosystem are far more likely than those who haven't to send emails that align to moments in the customer life cycle. Case in point, 48% of these adopters send triggered emails, compared with only 34% of nonadopters, and 29% of adopters implement drip campaigns, compared with 22% of nonadopters (see Figure 9). Triggers in particular are important as the basis for a successful email strategy that enriches customer experiences with contextualization. Messages that trigger based on an immediate condition perform better than emails based on historical CRM data, and they should become the foundation of an email strategy that emphasizes situational messages over canned ones.<sup>2</sup>

The fact that businesses that have integrated in-house and vendor solutions into a custom campaign management tool are far more likely to send these contextually relevant emails is important. They may still struggle with personalization and contextualization challenges as any email marketer does, but the difference is that they are moving toward a more sophisticated, customer-obsessed email program.

Figure 8

**MARKETING TECHNOLOGY IMPLEMENTATION DRIVERS**

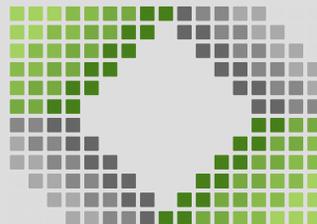
**Vendor solution**



**Out-of-the box capabilities offer:**

- ✓ Cost efficiency
- ✓ Fast time-to-deployment
- ✓ Ability to scale quickly and easily

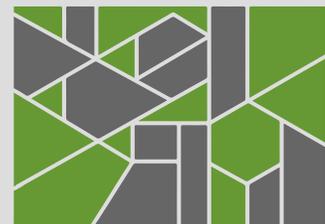
**Custom campaign management tool**



**Integrating vendor and in-house capabilities offers:**

- ✓ Most flexibility of solutions and capabilities
- ✓ Fast way to combine existing solutions with new technologies
- ✓ Ability to handle data integration at scale

**In-house solution**



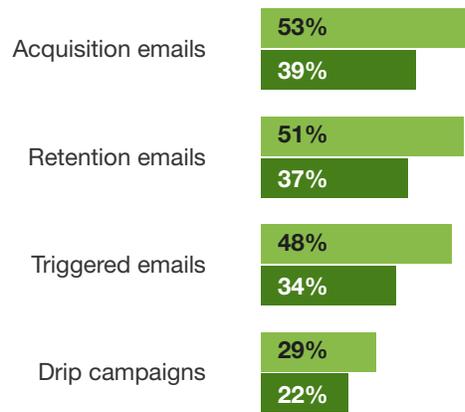
**Fully custom platforms offer:**

- ✓ Solutions tailored to the company need
- ✓ Seamless integration with on-premises data
- ✓ More immersive customer experience

Figure 9

“Which of the following types of email does your company currently send?”

- Using at least one custom campaign management tool
- Not using any custom campaign management tools



Companies that have implemented at least one custom campaign management tool are far more likely to send emails that are linked to customer behavior and preferences.

Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017

# Key Recommendations

Forrester's in-depth survey of marketers yielded several important recommendations for those looking to enrich the full customer life cycle through one-to-one digital communications:



**Embrace context to personalize customer experiences.** The age of the customer demands customer obsession for sustainable competitive differentiation. To succeed, businesses must understand and embrace customer context to orchestrate continuous engagement with customers who expect relevant content and value exchanges versus meaningless messages and product offers. Make sure your email campaigns are contextually relevant to customers based on their interactions with your brand.



**Focus on data integration that drives customer understanding.** An agile customer data strategy that aligns with your business goals is a foundational requirement. It is critical to have a comprehensive understanding of customer behavior to orchestrate your customer engagement strategy and to measure marketing performance against key business drivers. You must prioritize customer data integration across marketing and operational systems to orchestrate more seamless experiences.



**Develop a marketing strategy that spans the customer life cycle.** Traditional marketing campaigns are far less effective at winning, serving, and retaining customers than they once were. To meet ever-increasing customer expectations, successful marketers must leverage data-driven insights to engage customers with contextually relevant experiences. You must align highly personalized marketing communications with customer-initiated interactions to drive deeper levels of engagement throughout the customer life cycle.



**Partner with technology vendors to integrate with operational systems.** Commercial marketing technologies are a good starting point for enterprise marketers, as they provide out-of-the-box systems of insight and engagement. But vendors provide portfolios or point solutions, not platforms. There is no off-the-shelf, fully integrated, 100% complete marketing stack. You will need to integrate commercial tools with your operational systems to address all your requirements and derive maximum value from your technology investments.

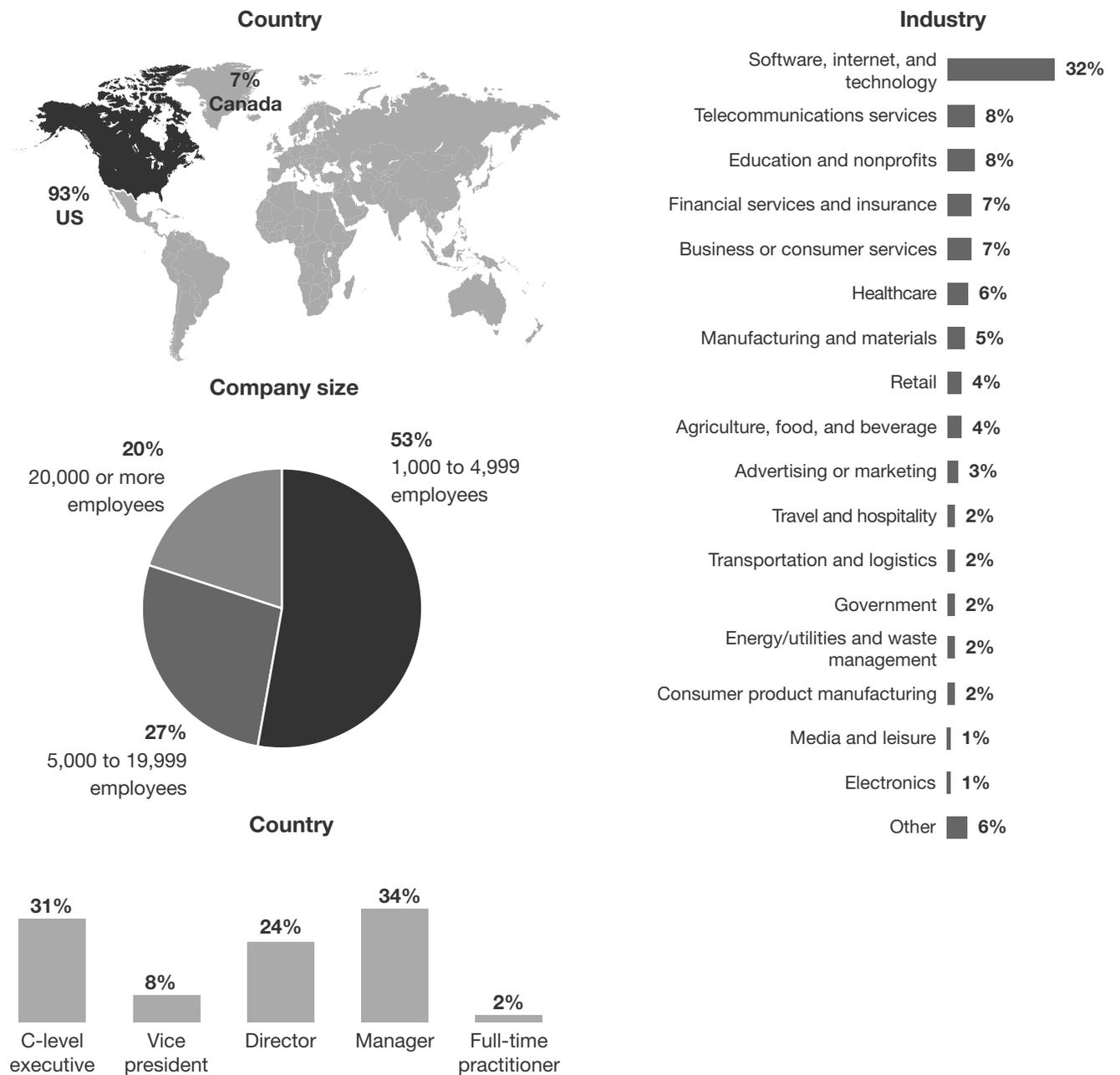


**Customize your own unique marketing technology ecosystem.** Successful marketers align their engagement strategies and technology investments with business operations in order to understand customers and orchestrate contextually relevant experiences. These finely tuned environments require a custom approach, as no two marketing technology ecosystems will be identical — even if they leverage common vendor components. You must foster collaboration between marketing and business technology (BT) resources to ensure requisite customization and integration of data, content, and applications.

# Appendix A: Methodology

In this study, Forrester conducted an online survey of 200 organizations across industries in the US and Canada to evaluate the challenges, successes, and opportunities involved with implementing custom campaign management tools. Survey participants included decision makers in marketing technology strategy. Respondents were offered an incentive as a thank you for time spent on the survey. The study was conducted in March 2017.

# Appendix B: Demographics/Data



Base: 200 marketing technology strategy decision makers at North American firms with greater than 1,000 employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of SendGrid, March 2017  
 Note: Percentages may not total 100 because of rounding.

# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

“Advance Your Contextual Relevance With Enterprise Marketing Technology,” Forrester Research, Inc., September 20, 2016

“Context Enriches Email Marketing,” Forrester Research, Inc., January 27, 2017

“Digital Rewrites The Rules Of Business,” Forrester Research, Inc., April 27, 2017

# Appendix D

## ENDNOTES

<sup>1</sup> For the purpose of this paper, personalization refers to messages and content that have been customized based on individual interests, preferences, purchase intent, customer life-cycle phase, etc., beyond simply name, subject line, etc. Contextualization or contextual relevance in this paper refers to content and messages that are customized based on real-time behaviors, interactions, events, environmental conditions, etc.

<sup>2</sup> Source: “Context Enriches Email Marketing,” Forrester Research, Inc., January 27, 2017