

J.D. Edwards Surges Ahead:

Deepening Client Relationships Using e-mail Communications

August 2002

A case study of
J.D. Edwards
South Africa's
approach to digital
communications
to a defined target
audience over a
12-month period.

The logo for CUBIC ICE. The word "CUBIC" is in a blue, sans-serif font. Below it, the word "ICE" is in a large, bold, green, sans-serif font with a 3D effect. A small red square is positioned to the left of the "C" in "CUBIC".

INTRODUCTION

It is an undisputed fact that e-mail is an effective communication tool. Whether it is the cost-effectiveness, speed of communication, the potential for measurability, the ability to reach people on a one-to-one basis or the fact that it allows you to go beyond simple text communication that has driven its adoption, e-mail is now the heart and soul of business communications. Yet, as much as the advantages for personal use are well recognised, many companies continue to struggle to come to terms with e-mail as a marketing/business tool used to enhance client relationships.

The ability to structure and implement a meaningful e-mail communication strategy remains elusive. Somewhere between one-to-one e-mail communication and one-to-many personalised communications, the plot is lost in many organisations. The reason for this lies in a lack of experience and know-how in e-mail communication strategy development. Planning for success is harder than it looks, particularly as there are many factors that need to be considered, combined with the ability to adapt tactics and develop a strategy to meet long term goals. It is this complexity that companies fail to come to terms with.

Many companies have opted to try and initiate client related e-mail communication strategies in-house, not realising the complexity surrounding successful development. Successful distribution of e-mail to a target market can be considered success, but this does not necessarily translate into business success, which is measured in terms of return on investment or the ability to deepen client relations.

To overcome the complexities mentioned, companies need to realise that an effective e-mail communication strategy that delivers the desired results time and time again requires the combination of advanced technology, client understanding and e-mail communication expertise. The insight into understanding the state of your e-mail communication relationship with the target market at any point in time and how to advance the relationship are critical issues that form the foundation for successful growth.

Personalisation of communications can only be carried out under a structured and informed environment. The hype around one-to-one communication continues, yet few players realise the varying degrees of personalisation and how each stage of personalisation has the ability to impact directly on the business if executed properly.

In this case study, we look at how **J.D. Edwards South Africa** approached the deepening of client relations using digital communications and, more specifically, the use of an e-mail newsletter linked to the company's website. They are surging ahead in their development of a foundation for online relationship enhancement.

PERSONALISATION of Mass e-mail Communications

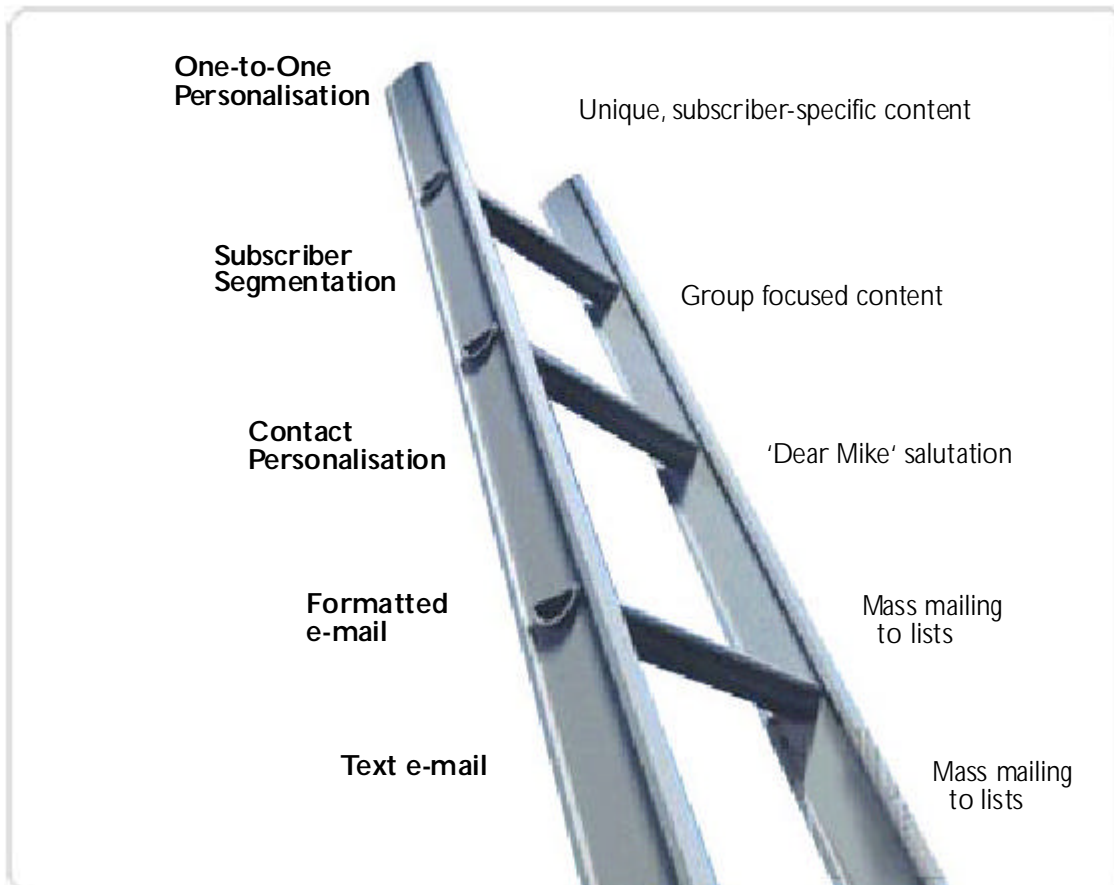
The art of effective marketing and business relationship building is an area where CubicICE has focused its attention for many years. The explosion of the Internet and e-mail communication in the nineties, motivated CubicICE to take a closer look at this medium from a business communication perspective, particularly as e-mail marketing appeared to offer benefits similar to direct marketing.

With the explosion came the hype of personalised communications and one-to-one marketing as a natural progression from mass and niche marketing. With all the potential advantages of one-to-one e-mail communication, many companies, driven by the value of direct marketing, have initiated programmes.

It is interesting to note how many players instituting programmes view and understand personalised e-mail communication. For some companies, sending e-mails to an opt-in list is seen as personalization where others view it as the ability to detect whether an e-mail subscriber can view text or html and then sending the applicable formatted e-mail. More advanced players see personalisation as the ability to address the subscriber by name, such as "Dear Mike". Some companies have taken it to the point where they can segment their subscriber database based on factors such as demographics, buying history etc and send targeted e-mails to these specific groups.

The above views on personalisation are not, in the opinion of CubicICE, true personalised e-mail communication as they fail to grasp the real benefit of one-to-one personalised communication. In the true sense of personalisation, the sender should be able to send unique, subscriber-specific content, based on customer profiling, subscriber needs assessment and dynamically generated content focused on the subscriber. The ability to dynamically time the communication based on trigger events or the like, rather than simply mass mailing monthly, would move personalisation to an even more effective level of communication.

THE PERSONALISED Communication Ladder



Each of the above levels of personalisation allows a company to advance the relationship level to an extent whereby interactivity, response, co-operation and business success is intensified. It must be realized, however, that this cannot be achieved effectively without measurability and accountability. The relationship must be deepened with trust and levels of interactivity being key elements to measure success by.

PERSONALISATION Without Measurability

A mistake made by companies is the under estimation of the process of developing relationships through a digital communication medium, such as the Internet or e-mail. Too often companies view the process as simply blasting out a branded communication or developing a website and then believe the relationship building process will take care of itself. Failure soon emerges and, by the time the process is better understood, online credibility is severely damaged.

A key element of online communication is the ability to learn from the target audience and to move the communication in a direction whereby subscriber profiling and behaviour allow for the development of one-to-one personalisation to take place. The process requires time to develop and involves a commitment to learning about the target market and having the necessary infrastructure in place so that subscriber information can be gathered and evaluated.

Without measurability, the learning process is significantly limited. A company will require access to technology and expertise to ensure the information gathering process is not only effective but moves the communication and personalisation in a direction that achieves company objectives at a pace the target market is comfortable with.

CubicCE is frequently asked, "What should be measured and what are the most important measurables?" The answer is that the more information relating to the interactivity level of the target audience you can gather, the better. Each communication, however, is unique and measurables are dictated by current level of interactivity being achieved, the focus of the content, the stage of personalisation and the immediate goals. Analysis of tracked information and decisions taken are more important than the tracking itself.

Below are some of the more common measurables required to provide the learning path to relationship enhancement:

1. The number of e-mails sent out.
2. The number of undelivered e-mails.
3. The reasons and frequency of undeliverable e-mails.
4. Acceptance of text or HTML.
5. The number of unsubscribers.
6. The number of new subscribers.
7. The number of click-throughs from the e-mail communication.
(The click through percentage.)
8. The number of click-throughs on each article or information package.
9. The interactivity over a period of days.
10. The relationship between communication and the website.

Tracked information is then used to develop benchmarks for future improvement. Interest levels, levels of interactivity, response rates and sales percentages are then all gauged. E-mail communication expertise and experience then allows for a more knowledgeable approach to tracking assessment and the moulding of e-mail communications to meet objectives.

J.D. EDWARDS SA investigates a Digital Newsletter

J.D. Edwards South Africa is the subsidiary of a Denver, Colorado, software company with its focus on providing customers with integrated collaborative business software solutions.

CubicICE was originally contacted by J.D. Edwards SA to assist with the development of a locally focused website in 2000. The development of a website at that time was seen as a natural progression to providing their customers with an information window to the local company.

In May 2001, Simon Griffiths, Marketing Manager, J.D. Edwards SA discussed the potential of progressing their online communications in the form of a digital newsletter aimed at existing customers. Griffiths had realised that the Internet was nothing more than an information platform and, without a strategy in place to drive their customers to the information, it was ineffective as a relationship building and customer communications tool.

At the same time Griffiths had concerns about the effectiveness of digital communications, the risk of the communications being viewed as SPAM and the effort combined with expertise required to develop a digital communication channel with customers. This set the tone for an informed approach to the project.

The initial hurdle that needed to be overcome was an understanding of customers attitudes to digital communications and whether there was an interest in receiving online communications from J.D. Edwards SA. Over a two month period, J.D. Edwards SA carried out various off-line surveys with customers to gauge attitudes. A positive response was returned in general, although the state of global e-mail abuse was evident, with some respondents questioning the communications being used as sales platform. This emphasised the need for effective content planning and the importance of building online trust.

The next hurdle that faced J.D. Edwards SA was the decision on whether to undertake the project using internal resources or whether external expertise should be used to assist in the development and management of the communication process. Having worked with CubicICE in the past and, being aware of their e-mail communication experience, it was decided that CubicICE would provide the strategic input and manage the technological execution of the e-mail communications. Griffiths headed up the project with A-Plus Communications, JD Edwards SA marketing agency, assisting with content creation.

August 2001 was set as the target date for the first newsletter to go out.

EXPLORING New Territory - The Digital Way

With the deadline for the first newsletter looming, the need for effective planning and execution became more evident. Various issues needed to be finalised:

- Whether to send plain text, html or both.
- What look and feel the newsletter should take.
- The theme (content focus)?
- To adopt the opt-in or opt-out approach for subscribers.
- The database.
- The degree of personalisation.
- The number of articles to include.
- The maximum size of the e-mail to be sent.
- What links should be included.
- Whether any product information should be included?
- What should be tracked and measured?
- The best day and time to send the newsletter?
- The tracking of unsubscribers and new subscribers?
- How to highlight call to actions?
- Creating a foundation for continuing communication?
- A privacy statement?
- The need to focus on the customer?

Perhaps the most important issue was to ensure the newsletter was focused at building trust and confidence between J.D. Edwards SA and its customer base. J.D. Edwards SA did not want the target audience to view the digital communication as just another online newsletter focused on J.D. Edwards SA. Building trust, confidence, growing online interactivity and providing the customers with an information base that suited the relationship building process were key priorities. Being able to effectively drive the customer base to interact with the website would be the measurement of success.

The editorial team grappled with the decision as to whether the content should be focused on J.D. Edwards or whether a broader, more industry focused approach should be taken. The major problem was the fact that the potential target market was made up of people in different positions with various interests in J.D. Edwards' technology. The question was how to effectively communicate with IT Managers, Financial Managers and other customer personnel in the same newsletter?

Although each company's requirements necessitate customisation, there are communication practicalities that overlap in one form or another. This factor allowed CubicICE to guide the process based on experience and an in-depth understanding of the online environment.

Based on the research with customers, it was decided to use the opt-out method in establishing e-mail contact. The theme of the newsletter decided on was "Collaboration", which reinforced J.D. Edwards SA's go-to-market message. The newsletter was formatted in HTML with the width of the newsletter set to 500 pixels to allow recipients to read the newsletter easily from the preview box of their e-mail programme.

EXPLORING New Territory - The Digital Way

This, combined with the fact that the recipients were known, allowed for contact personalisation. The size of the e-mail was limited to 30Kb so that the newsletter would not be blocked based on size.

CubicICE also suggested a Contact Us, Unsubscribe, Tell a Friend and a Website link. A statement concerning privacy was placed prominently at the top of the newsletter and just below that, the receiver was addressed by name, with the e-mail address displayed as verification.

The newsletter layout was agreed to and short header links used. Further into the newsletter the headers were repeated with introductions to the articles as well as photographs and references to people behind the individual articles. It became evident that recipients would click on either the header or the intro clicks. The click through split remains 50/50.

In order to assess customer interest levels, the content covered a variety of subjects. One of the objectives of the communication was to drive customers to the J.D. Edwards website. Every link from the newsletter was tracked individually for a period of 7 days after e-mailing. This would allow for further measurement and analysis.

A Tuesday mid morning was selected as the distribution time. CubicICE managed the distribution and tracking. Some of the measurement results recorded were as follows:

Percentage bounces = 8%

Unsubscribers = Less than 1%

New Subscribers = 2.2%

Negative responses = Nil

Click-through rate = 25.4%

Top article click-through rate = 18%

Average article click-through rate = 10%

THE CHALLENGE

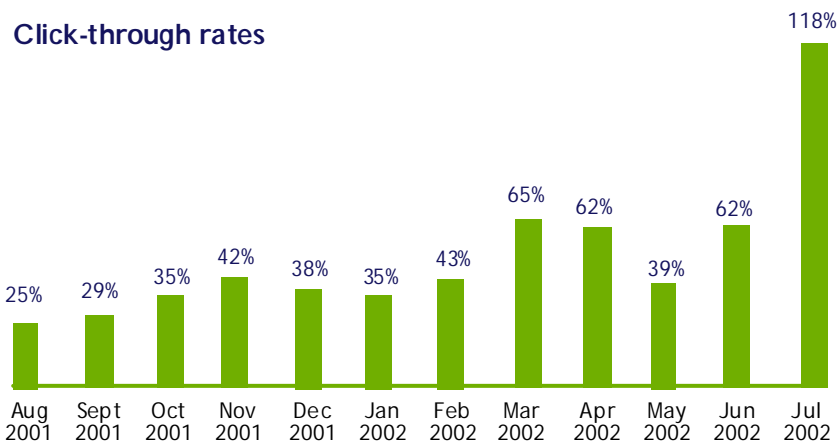
of Building Relationships

With the first newsletter delivered and benchmarks established through tracking, the challenge over the next 12 months remained learning from the customer base and growing the relationships. The reason for measuring the level of interactivity was to ensure that the customer base was not only receiving the newsletter but taking the time to investigate the content further.

This was later followed up by further surveys with the target audience to gauge personal responses to the newsletter. The unsubscribe rate was used as an overall gauge of the content relevance rate. Each unsubscriber was assessed to understand why they may have unsubscribed.

Through the tracking and analysis carried out J.D. Edwards SA, guided by A-Plus Communications and CubicICE, it was determined what the content focus should be. It was determined that the audience was interested in being informed about J.D. Edwards SA's developments. The interest was not in general issues but in specifics relating to training, product development, partnership programmes, user groups etc.

Below are some graphs that show the growth over the 12-month period. It is interesting to note that the focus was not on quantity of e-mails delivered but on the quality of communication.

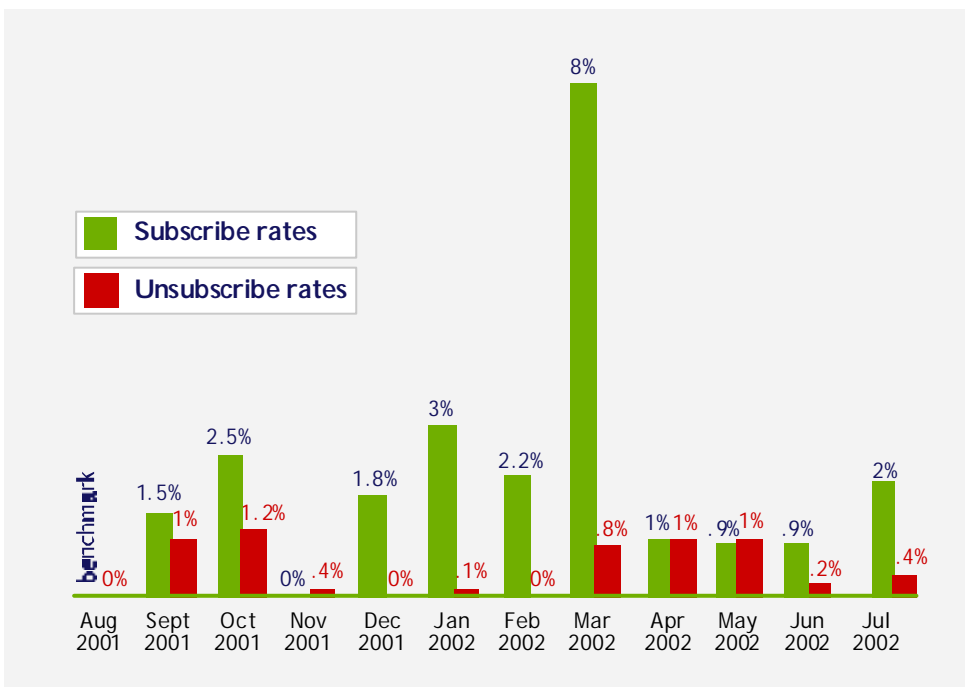


The formula used to calculate click-through percentages was as detailed below. The 118% (recorded July 2002) reflects the fact that the newsletter had multiple links, therefore if more links are clicked on than the number of newsletters delivered, a percentage higher than 100% is attainable.

THE CHALLENGE of Building Relationships

The formula used to calculate click-through percentages is as follows:

$$\frac{\text{No: of click throughs from newsletter}}{(\text{No: of newsletters sent}) - (\text{No. of bounced newsletters})} = \text{Click through \%}$$



The percentage growth reflected is month on month. The percentage reflected is a percentage of the total number of newsletters delivered for that month.

A PLATFORM for Future Growth

During the 12-month period, J.D. Edwards SA did not attempt to personalise the communication beyond the contact personalisation level. The focus was on building online credibility and trust with the target market (customer base). The month-on-month interactivity growth by subscribers to the newsletter shows that this is being achieved. By pushing website interactivity, the website stats increased by over 200% for 4 days after the newsletter was sent. The time a user spent on the site was also increased from an average of 5 minutes in July 2001 to over 17 minutes in July 2002.

Furthermore, J.D. Edwards SA has proven that the customer base has a genuine interest in receiving information specific to J.D. Edwards SA, its products and its general business activities in the marketplace. This information builds confidence in the off-line activities. Analysis of the bounces or unsubscribes received showed that unsubscribes were mainly motivated by people leaving a company or general changes in e-mail addresses.

Taking into consideration the level of interactivity being achieved, the newsletter now allows J.D. Edwards SA not only to communicate cost-effectively with its customers but to support off-line communication and drive relationships with an informative approach to addressing customers interests.

Knowing that the company can communicate effectively online with its customer base provides J.D. Edwards SA with a unique platform for growth. It allows retention strategies to be re-evaluated with cost effective online communication playing a major role in the future. It also allows customer relationships to be deepened by simply moving the online personalisation to the next level.

In the coming months, plans are being considered to move the communication towards true one-to-one communication with the focus still being on building trust, credibility and concentrating on the needs of the individual rather than simply the needs of the customer base. To achieve this, customer data will need to be linked to the communication platform.

At the same time, J.D. Edwards SA is evaluating their approach to online communications in areas such as training and service support. Through effective e-mail communication, they will be able to streamline the process while reducing costs at the same time. Efforts to date are being recognized internally as building a communication platform for future business growth.

The first 12 months has effectively allowed J.D. Edwards SA to growth their online communications by over 66% in customer subscribers, while at the same time achieving an average of over 300% growth in subscriber/newsletter interactivity and 240% improvement in user time on the website. Managing Director of J.D. Edwards South Africa, Mike Evans, has commented that the digital communications delivered to local customers has added value to the company's customer relationship management process.

CONCLUSION

A key factor for J.D. Edwards SA's success to date has been a commitment to making online communication an effective business tool. This was evident in Griffiths' attention to planning, follow through and evaluation. It was also important for him to co-ordinate what was happening off-line with the online activities. Understanding the target market from an online perspective was and continues to be a learning process for all involved.

The process was however, made easier by the recognition for the need to bring together a team that had the experience and technological know-how to complement the drive for success.

CubicICE looks forward to assisting J.D. Edwards SA in achieving their next objectives in online communication.

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