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# **Improving Effectiveness and Customer Experience with Personalized Email Marketing**

## **Case: Raflaamo Newsletter**

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<p>An emerging trend in digital marketing, where the tech savvy customers expect personalized customer experience in their dealings with companies and brands, challenges companies to adopt a data-driven marketing approach. Personalization as a part of their digital marketing activities requires robust customer data, a marketing automation system and content that is valuable for customers. One of these activities is personalized email marketing, which is a powerful tool in the digital marketer's toolbox.</p> <p>The development project of this thesis aims to improve the customer experience and performance, and the overall effectiveness of Raflaamo newsletter and email marketing in SOK Mara hospitality business using personalization. The scope of the thesis includes the customer experience of email marketing channel, Raflaamo newsletter and website, and focuses on the convert and engagement stages of the digital customer journey. Also, this thesis is limited to giving recommendations for the future state of Raflaamo newsletter and further development of email marketing in SOK Mara.</p> <p>The design and methods of the thesis includes Gap analysis, which was used to identify the key factors for the experiment on Raflaamo newsletter and its further development, and to formulate hypothesis 1. The experiment on Raflaamo newsletter was conducted as an A/B test, comparing generic email content to personalized email content using marketing automation. The Key Performance Indicators (KPIs) of the experiment that were chosen for the metrics of the A/B test were analysed with quantitative methods by calculating the statistical significance to verify the results of the experiment.</p> <p>Findings of the Gap analysis indicated that customer experience and relevance of email marketing can be enhanced by personalized content from local restaurants, recommendations on products and restaurants based on behavioural and predictive data, and the comprehensive use of customer data and marketing automation. Findings of the experiment indicated that both CTOR (Click-to-Open-Rate) of the email and Conversion Rate to the Raflaamo website were increased by the personalized content. Thus, personalization of content improved the performance of Raflaamo newsletter.</p> <p>The higher relevance of valuable email content can be achieved by advanced personalization based on combinations of S Group's customer data and applications of AI, like predictive modelling. Better customer experience helps engage Raflaamo newsletter subscribers and generate more traffic to Raflaamo website, which turns into improved overall effectiveness of email marketing for SOK Mara hospitality business.</p>	
<b>Keywords</b> Digital Marketing, Data-Driven Marketing, Personalization, Customer Experience, Email Marketing, Content Marketing	

## Contents

Abbreviations.....	iii
1 Introduction .....	1
2 Context of the study.....	4
3 Objectives of the study .....	6
3.1 Objectives.....	6
3.2 Research questions.....	6
3.3 Hypotheses .....	7
3.4 Scope and limitations .....	8
4 Literature review .....	10
4.1 Digital marketing.....	10
4.1.1 Customer journey (or customer lifecycle).....	11
4.1.2 Customer experience .....	13
4.1.3 Email marketing.....	14
4.2 Data-driven marketing.....	17
4.2.1 Personalization.....	19
4.2.2 Marketing automation.....	20
4.3 Content marketing .....	21
4.4 Summary of the theoretical framework.....	22
5 Methodology .....	25
5.1 Hypothesis-testing practice-oriented research .....	26
5.2 Experiment .....	26
5.3 Data collection and analysis methods .....	28
5.3.1 Gap analysis.....	29
5.3.2 A/B testing.....	30
5.3.3 Quantitative data analysis and statistical significance.....	32
6 Conducting the study .....	33
6.1 Gap analysis of Raflaamo newsletter .....	33
6.2 A/B test of Raflaamo newsletter .....	37
6.2.1 Email design for A/B testing .....	37
6.2.2 Execution of the A/B test with marketing automation.....	40

6.2.3	Email performance and conversion tracking of the A/B test.....	41
6.3	Experiment on Raflaamo newsletter.....	42
7	Findings .....	45
7.1	Findings on the Gap analysis of Raflaamo newsletter .....	45
7.2	Findings on the experiment on Raflaamo newsletter .....	46
7.3	Validity and reliability .....	50
8	Conclusions .....	53
	References .....	59
	Appendices.....	1
	Appendix 1. Structure of the S Group (Intranet) .....	1
	Appendix 2. Operating model of Targeted Customer Communications (Intranet) .....	2
	Appendix 3. A/B test performance analysis of Raflaamo newsletter .....	3
	Appendix 4. A/B test performance analysis of Raflaamo website .....	4

## Abbreviations

AI	Artificial Intelligence
Co-op	Co-operative
CRM	Customer Relationship Management
CTOR	Click-to-Open-Rate
CTA	Call-to-Action
CX	Customer Experience
GA	Google Analytics
GDPR	General Data Privacy Regulation
KPI	Key Performance Indicator
Mara	Matkailu- ja ravitsemiskauppa (Travel and hospitality business)
ROI	Return on Investment
SOK	Suomen Osuuskauppojen Keskuskunta (SOK Corporation)
URL	Uniform Resource Locator

# 1 Introduction

Digital marketing sphere has changed a lot over the past few decades. Digital economy has changed the way we live our lives and our buying habits. Because the customers are getting more and more tech savvy now, they also have more expectations for personalization, convenience, and ease of buying, based on their experiences and digital customer communications on trailblazer companies like Amazon. (Miller & Lim 2020, Introduction.) This mutual understanding of the principles of digital marketing sets new kind of challenges to digital marketers, as even the average customers can inherently fathom what is possible in digital marketing today. The customers are in the know – they can recognize personalization, new social media channels, targeted ads, and remarketing for example in YouTube videos. (Miller & Lim 2020, Introduction.)

Digital marketing has changed the rules of engagement for the battle of customers' attention. After all, the personal approach is always the best way to get a message across (Kingsnorth 2019, 252). Because of the growing trend of investing in personalization and relevance, customers expect now more than ever digital marketing communications to meet their individual needs. Personalization is truly a one-to-one experience whether on a website or communications and enhances customer relationships if executed well (Chaffey & Smith 2017a, 482-483). The expectation of better customer experience of digital marketing communications forces companies to change their approach and adopt data-driven marketing capabilities including marketing applications of Artificial Intelligence, such as predictive modelling (Chaffey & Ellis-Chadwick 2019, 249).

Personalization requires both robust customer data and up-to-date marketing technology. That is why data has become the new marketing battlefield from the customer insights of sales and marketing operations to the profile information on potential customers they provide on social media platforms. Multipurpose data that is captured, filtered, and interpreted through customized business goals can create competitive advantage for any business. (Miller & Lim 2020, Introduction.) However, having the necessary data is just a starting point for personalization in digital marketing. According to Spiller (2020, 398), marketers today use marketing technologies such as marketing automation to operate multichannel digital marketing activities such as email, social media, and websites.

Moreover, marketing automation has capabilities that enable marketer to create, set up and automate digital marketing activities on multiple channels, for example triggered emails based on an event or another variable (Spiller 2020, 398). There has already been a shift in digital marketing from setting up one-off campaigns or one-time offers to pulling in customers to a company website throughout the customer journey. Email marketing

alone together with a working company website and a robust business model can offer a cost-effective and profitable ecosystem (Busche 2017, 60). Permission-based email marketing, that helps to build and develop relationships, enables marketers to send out targeted emails to activate, inform and remind customers while helping them by providing useful information in a personal, anticipated, relevant, and timely manner (Chaffey & Smith 2017a, 425, 448-450). Hence, personalized email marketing is a staple of every successful marketer's digital marketing toolbox today.

However, having the right digital marketing tools and customer data is not enough to win the battle over the customers. What a brand or a company has to offer in terms of content to its potential, current, or lapsed customers is equally important. According to Spiller (2020, 262-263) target audience can be drawn back again and again to engage with company's digital platforms by creating and distributing valuable, relevant, and consistent content that customers seek out for their education, inspiration, information, or entertainment. This core idea of content marketing helps driving profitable customer action. The newfound demand for personalized experience, that digital marketing can offer to customers at best, also constitutes the cornerstone of this thesis and development project on Raflaamo newsletter of SOK Mara hospitality business.

In its current state Raflaamo newsletter is a lackluster in terms of the same generic restaurant content for the customers in Helsinki to Utsjoki, poor email performance, weak conversion on the Raflaamo website and overall unsatisfactory business results. According to Strong (2015, 80), "the solution for consumers spending less is often considered to be competitive advantage through improved personalization." This profitable recipe will also be applied to this thesis work. The development project aims to upgrade digital marketing and content strategy of SOK Mara hospitality business for the future development by introducing the possibilities of the advanced personalization of email marketing. In addition, enhancing the relevance and customer experience of email marketing with the personalized content improves email performance and ultimately, the overall effectiveness of Raflaamo newsletter.

The journey through this thesis and development project will begin in the next chapter first by defining the context of this study and then setting the objectives for the development project in chapter 3. Literature review in chapter 4 will introduce the concepts of the theoretical framework. Research strategies and methods for the study will be explained and justified in the methodology of chapter 5. Chapter 6 will describe how this study was conducted in practice. Findings of the study will be introduced and visualized in chapter 7. Finally, chapter 8 will be discussing the findings, drawing conclusions, and giving

recommendations for SOK Mara hospitality for further development of email marketing and Raflaamo newsletter. The final chapter will also include reflections of the author about the thesis work, feedback from the commissioner and the case organization, and suggestions for further studies on this topic.



## 2 Context of the study

This chapter introduces the case organization of S Group as well as the collaborative business units SOK Mara and SOK MEDIA within SOK Corporation, as the context of the study. SOK Mara is also the commissioner of this thesis and the owner of Raflaamo newsletter, which is the subject of the development project.

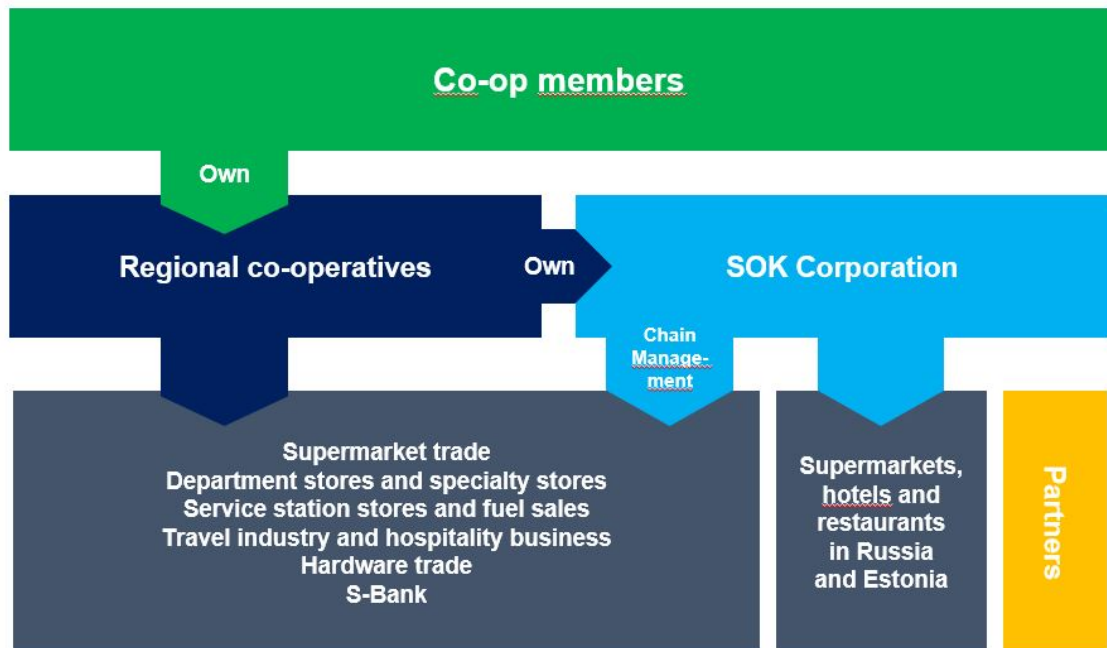


Figure 1. Structure of the S Group (S Group 2020a)

S Group as a corporation is a customer-owned Finnish network of companies in both retail and service sector. Owned by its co-op members, 19 independent regional co-operatives, such as HOK-Elanto in the greater Helsinki area, form the S Group with SOK Corporation. Any person can become a co-op member by paying a membership fee that entitles them to own an equal share of their co-operative, their own S-Etukortti card, and S-Bank account. In turn, S Group offers benefits for the S-Etukortti card holders such as Bonus and payment-method benefits, as well as discounts and other benefits at café's, restaurants, hotels, supermarkets, department stores, and speciality stores. (S Group 2020b.) Also, co-op members can install S-mobiili app for free which gives access to the aforementioned benefits, Bonus information, S-Bank's services and more (S-mobiili 2021).

Regional co-operatives own SOK Corporation and operate supermarket trade (S-market, Alepa, Sale) department stores and specialty stores (Prisma, Sokos, Emotion), service station store and fuel sales (ABC), the majority of travel industry and hospitality business

(restaurants, Sokos Hotels, Radisson Blu Hotels), hardware trade (Kodin Terra, S-rauta), and S-Bank offices locally. The chain management of SOK Corporation governs the national level business operations and support functions such as business development, marketing, communications, IT and digital service development, finance, legal department and compliance of every business unit. Travel industry and hospitality business are governed by the chain management of SOK Mara. (S Group 2020a.)

SOK subsidiaries such as Prisma OOO, Prisma AS and Sokotel Oy, the nationwide travel and hospitality business in Finland operates also in Estonian and Russian markets. The co-operatives also engage in regional travel and hospitality business running local hotel and restaurant operations independently. These include both nationwide restaurant chains (e.g. Rosso, Amarillo, Frans et les femmes and Coffee House) and individual restaurants with prestige and traditions such as Kappeli, Salve, and Tornii in Helsinki. Furthermore, there is a wide network of partners that supplement the service selection of S Group in those areas that S Group does not have in its own business portfolio. (S Group 2020b.)

The local hospitality business operations include both chain restaurants managed by SOK Corporation and individual restaurants owned and operated by the co-operatives. This means two types of marketing activities are taking place simultaneously: nationally chain managed by SOK Mara and locally produced by the co-operatives themselves. This division of marketing activities also extends to digital marketing and marketing automation operations, such as email marketing, in S Group generally. However, by offering co-operatives an opportunity to gain additional visibility in S Group's own digital marketing channels the need for occasionally overlapping email marketing activities will decrease.

The digital marketing and marketing automation activities of S Group are operated by SOK MEDIA unit of SOK Corporation that provides marketing, communication, and media services to the whole group while supporting the business units to ultimately achieve their business objectives (S Group 2020c). The marketing automation team of SOK MEDIA's digital marketing operations works closely with SOK Mara marketing operations and digital service development to produce world class email marketing by improving the quality of the email messages, relevance, and customer experience overall. The author is a marketing automation specialist in SOK MEDIA's digital marketing operations. She is also a virtual member of SOK Mara's digital marketing team with dual responsibilities as a marketing automation specialist and a project manager for SOK Mara's customer account.

### **3 Objectives of the study**

This chapter introduces the objectives of this development project. Also, the research questions and hypotheses will be defined in respect of improving effectiveness, overall customer experience, and the future state of Raflaamo newsletter. The scope and limitations of the study will be defined by drawing out the limits of email marketing operations of SOK Mara business unit and the constraints of the development project.

#### **3.1 Objectives**

The objectives of the development project are as follows:

*O1. Give recommendations for future development and improvement of personalized customer experience in email marketing using data-driven marketing.*

*O2. Increase the effectiveness of Raflaamo newsletter.*

The objective 1 of the development project aims to generate ideas for improving personalized email marketing with the help of data-driven marketing. The objective 2 of the development project is to increase the effectiveness of Raflaamo newsletter by introducing personalized content to emails, thus improving the email performance and customer experience of the newsletter. The objectives of this development project will produce recommendations for the further development of Raflaamo newsletter.

#### **3.2 Research questions**

The following research questions will address the objectives of the development project constituted in this study. The research questions will be answered by examining the results of this study in the context of digital marketing. The results of the empiric research on personalization in Raflaamo newsletter will be analysed in detail by comparing and contrasting them and in light of the findings of the recent publications and literature on personalization in digital marketing framework, and more specifically in the context of email marketing. Also, the results are reflected on current knowledge of improving customer experience with data-driven marketing.

*RQ1. How data-driven marketing can enhance customer experience of email marketing?*

*RQ2. How personalization of content affects the performance of Raflaamo newsletter?*

The answer to the research question 1 will demonstrate how data-driven marketing can enhance overall customer experience of email marketing in many different ways now and

in the future. The answer goes beyond what is possible in terms of the current state of Raflaamo newsletter, customer data, email marketing, and marketing automation technology available in S Group at the present moment.

The answer to the research question 2 will indicate how personalization affects the performance of Raflaamo newsletter. Effectiveness of Raflaamo newsletter includes the performance and customer experience of email content, and the performance of Raflaamo website. The metrics for measuring the performance of the email content of Raflaamo newsletter and their respective landing pages will include following seven Key Performance Indicators (KPIs). Furthermore, the four KPIs on the list in bold will be analyzed in detail in chapter 6

1. **Open Rate**
2. Unique Clicks
3. **Click-to-Open-Rate (CTOR) of the email content (Unique Clicks/Unique Opens)**
4. Amount of Traffic to Raflaamo website (Unique Users)
5. **The Conversion Rate from Raflaamo newsletter to Raflaamo website (Unique Opens/Unique Users)**
6. The Number of Table Reservations
7. **The Conversion Rate of Table Reservations.**

However, two of the KPI's, the Number of Table Reservations and the Conversion Rate of Table Reservations, will not applicable to all Raflaamo newsletter content. Some of the regional co-operatives that take part in the content production of personalized email content have only one restaurant with table reservation possibilities in their region, and thus could not provide local content that promotes table reservations. Moreover, the author has no control over the structure and content of Raflaamo website and thus, the Conversion Rate of Table Reservations on the website.

### **3.3 Hypotheses**

Based on the previous research, as well as the principles and practices of email marketing and the Gap analysis of Raflaamo newsletter, hypotheses can be formulated for the research questions 1 and 2.

*H1. Advanced personalization of emails with various types of customer data increases the relevance of content, thus enhancing the overall customer experience of email marketing.*

*H2. Personalized content will lead to higher CTOR and Conversion Rate to the Raflaamo website than generic content in Raflaamo newsletter.*

Hypothesis 1 is based on the results of Gap analysis, the identified performance gap and the future state of personalization in Raflaamo newsletter with the means of data-driven marketing. With the help of comprehensive customer data of S Group from multiple data sources and the means of data-driven marketing, the relevance of content can be enhanced with advanced personalization of emails, which improves the overall customer experience of email marketing.

Hypothesis 2 is based on the change in KPIs of the A/B test measuring the performance of personalized vs. generic Raflaamo newsletter. The personalization of restaurant content, which is based on customer data, and thus more relevant to the individual subscriber than the generic content, will improve performance and customer experience of the newsletter, and ultimately, increase the overall effectiveness of Raflaamo newsletter.

### **3.4 Scope and limitations**

This development project does not consider the results of other digital marketing operations outside Raflaamo newsletter, such as automated customer journeys, social media marketing or programmatic marketing, where the same content may be published simultaneously to the deployment of Raflaamo newsletter where the A/B testing will take place. The analysis of the A/B testing of the generic vs. personalized content will be limited only to the performance of Raflaamo newsletter and their respective landing pages on Raflaamo website. In addition, the development project does not address the creative process, the production of the co-operative content or the marketing automation process.

The development project focuses on the convert and engagement stages of the restaurant customer lifecycle, which is only one part of the whole digital customer journey. Also, albeit Raflaamo newsletter represents a singular marketing channel of the entire multichannel digital customer experience of S-group restaurants and hospitality business, this development project concentrates on improving the performance and customer experience of email marketing. However, this is just the first step for SOK Mara's hospitality business in developing the personalization of content and multichannel customer experience of digital marketing in the long run.

Moreover, the scope of this development project is limited to giving recommendations for the future state of Raflaamo newsletter and further development of the personalized customer experience in email marketing with data-driven marketing per demand and expectations of customers. Hence, the recommendations only apply to Raflaamo newsletter and SOK Mara hospitality business based on the findings of this specific case study. The development project does not offer direct recommendations for other SOK

business areas, although some of the findings on email marketing can be applied to other branches of business as well. However, conclusions include suggestions for further study.

## **4 Literature review**

This chapter establishes the core concepts that constitute the theoretical framework of this study. The following concepts and their sub-concepts are defined in course of the literature review: digital marketing, data-driven marketing, and content marketing. These three interconnected core concepts are applied to the development project of improving performance and customer experience of Raflaamo newsletter and email marketing of SOK Mara hospitality business with the means of personalization and data-driven marketing. Because of the practice-oriented nature of this study and development project, some of the definitions of concepts in the literature review are based on references in industry-specific business literature rather than academic sources.

### **4.1 Digital marketing**

Digital marketing is the main concept of this study and a staple of modern marketing strategy. Nowadays, digital media channels, which are the digital equivalents of traditional media such as TV, radio, print media, and outdoor advertising, are an intrinsic part of most marketing campaigns (Chaffey & Ellis-Chadwick, 2019, 26). Digital marketing has claimed a firm standing among the traditional marketing channels. Chaffey and Ellis-Chadwick (2019, 9) suggest that “digital marketing can be simply defined as: achieving marketing objectives through applying digital media, data and technology.” Thus, the whole concept of digital marketing can be summarized as a goal-directed combination of digital channels, data, and marketing technology, which will be discussed more closely in chapter 4.2.

Digital media channels offer a network of platforms using online communications techniques to accomplish marketing objectives related to brand awareness, familiarity, and favorability. Moreover, it can be used to encourage customers to engage with a brand or product by visiting a website and finally buy online or offline through channels of traditional media, for example by phone or in-store visit. (Chaffey & Ellis-Chadwick 2019, 26.) In the context of this study, Raflaamo newsletter is used to engage customers in the Raflaamo website with S Group’s restaurant offering and ultimately make a purchase in a restaurant they will visit as a result of SOK Mara digital marketing operations.

According to Chaffey and Ellis-Chadwick (2019, 9), digital marketing concentrates on managing online company presence in its different forms: company websites, mobile apps and social media company pages integrated with online communications techniques such as search engine marketing, social media marketing, online advertising, email marketing and partnership arrangements with other websites. Digital marketing techniques are applied in support of the objectives of customer acquisition, customer retention, and

service to existing customers that help developing the customer relationship through CRM (Chaffey & Ellis-Chadwick, 2019, 9-10). In practice, digital marketing operations of Raflaamo cover every platform occupied by digital presence of S Group's restaurants.

Moreover, the devices customers use to engage with the brand determine the appropriate selection of digital marketing channels. In today's increasingly digitalized and mobile world with smart phones, iPads, laptops, smart watches, and other devices, digital marketing is an essential part of all marketing activities that include a broader selection of digital channels, such as email, SMS, social media, and online marketing. (Kingsnorth 2019, 7.) Consequently, digital marketing activities such as campaigns, consist of a wide range of activities in several different digital channels. For example, according Chaffey and Ellis-Chadwick (2019, 26) an online campaign can contain

- ads and organic content on social media
- display ads on online sites, such as banners and skyscraper ads
- pay-per-click (PPC) ads in Google, like sponsored Google Ads
- search engine optimization (SEM) to raise positions in organic Google search
- commission-based affiliate marketing
- permission email marketing to an existing customer base for effectiveness.

All these digital channels lead to a landing page that is typically set up for a marketing campaign or another designated marketing activity. According to Chaffey and Ellis-Chadwick (2019, 27) landing page functions as a destination page for a referring site, an email, or some other type of marketing message, where a customer has clicked an ad or another form of link. Moreover, in order to maximize conversion rates and brand favorability, a landing page should desirably contain messaging focused on the offer or other content in the ad or marketing message. In line with this recommendation, all the offers and other marketing content in Raflaamo newsletter link to Raflaamo website, where their respective landing pages are established for that specific purpose to maximize their conversion rates.

#### **4.1.1 Customer journey (or customer lifecycle)**

Digital marketing provides an operational framework for creating awareness by distributing marketing content and engaging with customers in digital channels to convert them to landing pages throughout the customer lifecycle. The customer lifecycle, also known as customer journey, is a series of stages such as acquisition, retention, and extension, that each customer will go through in their long-term relationship with a company or a brand. (Buttle & Maklan 2019, 66; Chaffey & Ellis-Chadwick, 2019, 253.) The customer lifecycle spans over the whole journey from a prospect to a departing customer. Over time,



customers will go through some or all of these stages on their, own, individual, and unique customer journey.

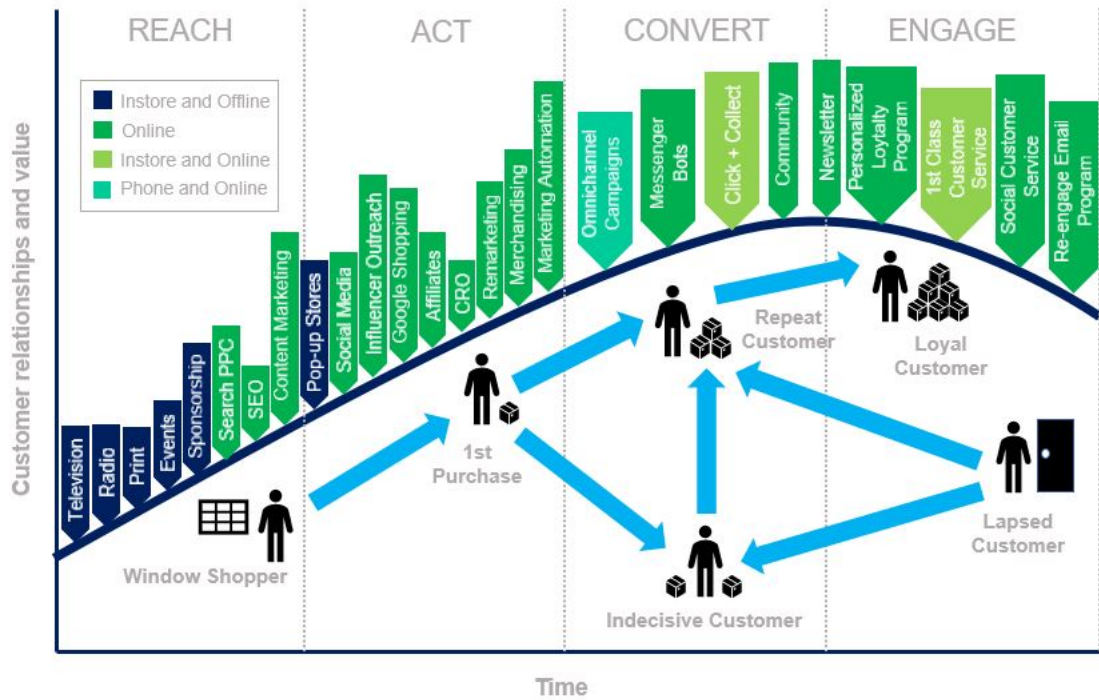


Figure 2. The customer lifecycle in RACE framework (adapted from Smart Insights 2020)

Chaffey and Ellis-Chadwick (2019, 26-27) introduce RACE (Reach, Act, Convert and Engage), a practical framework for digital marketing by Smart Insights that consists of four steps, which help engage prospects and customers in different stages, such as window shoppers, first-time buyers, undecided customers, repeat customers, loyal customers and lapsed customers, throughout the customer lifecycle:

- Step 1 – Reach: Driving traffic to web and social media presence in order to build awareness for a brand, and its products and services on other sites.
- Step 2 – Act: Encouraging customers to interaction with a company or other customer by engaging them with brand on the website or other online presence and gaining permission for email, SMS, or mobile app notifications.
- Step 3 – Convert: Generating sales online and offline by reaching conversion.
- Step 4 – Engage: Achieving retention goals by building long-term customer relationships.

The RACE framework includes all marketing activities of the customer lifecycle, instore, offline, online, and over the phone. As a permission-based email marketing activity, newsletter settles into Convert and Engage steps of the customer lifecycle. Newsletter generates sales both online and offline and helps building long-term customer relationship by encouraging customers to re-engage with a brand or a company. Because of this, 'Newsletter' was included as an online activity to Figure 2 of the customer lifecycle

marketing activities adapted from Smart Insights (2020). Consequently, this thesis and development project examines Raflaamo newsletter as a part of the customer lifecycle of S Group's restaurant customer covering the Convert and Engage stages of their journey.

Customer journey also includes all contact and every interaction with a brand or company online and offline, such as websites, service centers, social media, warehouses, emails, social media, advertising, and retail stores. These touchpoints, the experiences the customers have at the touchpoints, and finally, their responses to those experiences, build up the customer journey. (Buttle & Maklan 2019, 66.) All of this combined create the customer experience, which is an important component of the entire customer journey, that also has an effect on the effectiveness of digital marketing activities as a whole. The concept of customer experience will be discussed further in the next sub-chapter.

#### **4.1.2 Customer experience**

Customer experience (typically referred as CX) is a recurring element of the customer lifecycle in the larger context of digital marketing. Customer experience has evolved over time. Before, as offline sales channels were complemented with a website and an email newsletter, managing the digital customer experience of a brand was relatively straightforward for companies. Today, there is a complex combination of digital touchpoints that extend across paid, earned, and owned media where marketers strive to influence customers. These touchpoints of a brand's digital customer experience can include a company website that is optimized for desktop or mobile devices, mobile apps, company's social media pages, permission emails and newsletters, connected devices and the Internet of Things (IoT). (Chaffey & Ellis-Chadwick, 2019, 285.)

CX consists of cognitive and affective responses to all interactions with the company, both direct and indirect encounters with communications, customer service and consumption of products or services. These touchpoints include for example TV commercials, newsletters, chatbots, customer service agents, mobile apps, company websites, and webstores. All cognitive and affective impressions of CX, such as beliefs, thoughts, emotions, and attitudes build up perceptions of value and service quality which ultimately impact customer loyalty and influence word-of-mouth behaviors. Thus, improving customer experience can affect customer retention/loyalty as well as benefit the company by generating positive word-of-mouth among customers. (Buttle & Maklan 2019, 207.)

Customer experience is in the core of all communications that company produces and puts out during a customer lifecycle, especially for digital marketing communications, as Albee (2015, 63) points out, "customer experience is a top priority for digital marketers."

The impact of a positive customer experience for a successful customer journey cannot be underestimated. Desirable digital CX delivers relevance as simplicity, consistency, and continuity across brand communications, helps customers discover and identify tangible value based on their own set of needs, preferences, and expectations. On the flipside, unsatisfactory CX can either cause mild annoyance without affecting customer's loyalty or severely harm the relationship between customer and company. (Albee 2015, 63.)

Overlooking overall CX may lead to less than desirable results in digital marketing. Focusing only one small part of the customer journey, for example to maximize lead generation which does not relate to the overall customer journey, may result in subpar experiences setting either the wrong expectations or making promises that are unable to engage those consumers with the highest potential to become their customers. Moreover, this lack of comprehensive customer understanding creates inconsistency across channels and leads to less than optimal customer experience. (Albee 2015, 65.) This common pitfall can be avoided by shifting the focus from an isolated part of the customer lifecycle to the big picture. For example, in Raflaamo's case, extend the CX to cover the whole digital journey from the newsletter to landing pages on Raflaamo website.

Hence, digital marketers should consider the CX of whole customer journey and adopt holistic approach when planning and executing any digital marketing activities. As Albee (2015, 65) suggests, "digital marketing teams need the capability to think strategically across the end-to-end customer experience." The disconnection between individual marketing efforts and the customer experience of the entire customer journey may also waste valuable resources on short-sighted actions that will not help achieve either main objectives of digital marketing or the long-term business goals. As Buttle and Maklan (2019, 208) point out, "companies' efforts to manage CX are motivated by a desire to retain customers, grow their value and promote advocacy."

#### **4.1.3 Email marketing**

Email marketing remains a fundamental part of profitable channel strategy in digital marketing even today. Regardless of the device, checking emails is still an exceedingly common reason to go online, which makes email marketing one of the most effective digital marketing activities (Charlesworth 2018, 238-239). In a digital marketer's toolbox alongside social and programmatic marketing, email marketing remains a high-performance marketing function. Email marketing can be executed as a stand-alone operation or as a part of an integrated marketing campaign (Charlesworth 2018, 240-241).

Email marketing involves sending outbound communications to prospect or customers for encouraging purchase. Typically email marketing is used for targeting existing customers on a house-list but can also be applied to prospects. There are several types of emails, such as one-off campaign emails or automated emails, event-based and triggered emails, which are sent as part of a marketing program against set of rules that are based on certain intervals or customer characteristics. (Chaffey & Ellis-Chadwick 2019, 27.) Email marketing is a versatile digital marketing activity that has many forms and applications.

Moreover, email marketing constitutes an increasingly important and effective direct channel to customers that has a strong return on investment (ROI). It is both cost-effective and compelling as email allows marketers to reach large audiences and offers an ability to create strong Call-to-Actions (CTAs) in the end of the conversion funnel, but only if the message itself is relevant to the receiver. (Kingsnorth 2019, 198-199.) The benefits of email marketing do not only arise from its cost-effectiveness or a healthy bottom line but also its ability to engage customers throughout the customer lifecycle.

### **Permission-based email marketing**

Permission marketing is based on a significant concept in which customer agrees (opt-in) to affiliate with marketing activities of an organization or a company, usually following an offer, a discount, or other incentive. Permission i.e. opt-in for each customer is saved in and managed through online CRM which is underpinned by permission marketing in management of the customer lifecycle. (Chaffey & Ellis-Chadwick, 2019, 254.) Permission based email marketing follows the same rules as other permission marketing activities. By opting-in for further email, customers give the company permission to be emailed and use their permission for the first time to develop a relationship (Chaffey & Smith 2017b, 449). Therefore, this permission-based relationship needs to be handled with care and respect.

However, customers also opt-out easily if they are not happy with the digital marketing communications they receive. Hence, email marketers should avoid abusing their permission or passing on their details to other marketers. They need to ensure that their future contact with the customer always adds value. (Chaffey & Smith 2017b, 449.) There are preconditions for successful permission marketing. According to Chaffey and Ellis-Chadwick (2019, 254) permission marketing can be best described as anticipated, relevant, personal, and timely. Email marketers alike need to consider these standards of permission marketing when planning and executing future activities to prevent customers from unsubscribing email communications.

The permission-based email marketing is an excellent way to reach both current and potential customers. An opt-in house list contains prospects and customers who have given permission to the company to send them email communications (Chaffey & Smith 2017b, 440). Winning customer's permission is a valuable asset that allows to develop a relationship and communicate with them on a regular basis throughout the customer lifecycle (Chaffey & Smith 2017a, 448-449). This opens up many possibilities for email marketers. Opt-in email provides opportunities as a widely used customer retention and prospect conversion tool to build up traffic and bring in new customers to the website (Chaffey & Smith 2017a, 425; Chaffey & Smith 2017b, 440; Jefferson & Tanton 2013, 91). There are also other permission-based email options to choose from.

According to Chaffey and Smith (2017b, 441), permission-based email options include for example:

1. *Conversion email* is an automated follow-up email sent out to a website visitor expressing interest in a product or service by registering and providing their email address in order to persuade them to make a purchase or trial a service.
2. *Regular e-newsletter* is sent out weekly, monthly, or quarterly with alternative content for different segments. It is commonly used to update customers on the latest products or promotions or business customers on market developments.
3. *House list campaign* is a periodic email sent out to support different objectives, for example to encourage a service or product trial connected to a launch, repeat purchases, or reactivate customers who discontinued using a service.
4. *Event-triggered or behavioural emails and sequences* are a series of emails sent out with intervals between emails which is defined by the marketer in a marketing automation system. These include onboarding series, nurture series, or reactivation series for passive subscribers.

The object of this study and development work, Raflaamo newsletter with its subscriber list, is considered as a permission-based email and a regular newsletter since it is sent out monthly to update customers on the latest restaurant promotions.

### **Newsletter**

Newsletter is a form of opt-in email as permission is given when the customer subscribes. Newsletter makes it possible to tap the existing subscriber base and reach the customers who have already shown interest by subscribing the newsletter in the first place. Despite the inbox might be overcrowded, if the email content is valuable enough, subscribers will read it and take action (Jefferson & Tanton 2013, 91). The value of these already 'warm' customers grows over time as they are more receptive to the email marketing content,

such as campaign offers, discounts, and other purchase benefits as well as informative, inspirational, and other valuable content.

Typically, marketer sends out a newsletter on a regular basis, such as Raflaamo newsletter, which is currently sent out monthly or alternately during restaurants' corona restrictions one or twice in a quarter to its subscribers. However, Chaffey and Smith (2017a, 486) recommend that marketers should not only consider the frequency of a regular newsletter to avoid 'spam' effect, whether to send the newsletter weekly, monthly, or quarterly, but also varying the content for different audiences and segments. The different email content variations allow newsletter subscribers to experience the intimate nature of email marketing as it creates an opportunity to cultivate a personal relationship with the customers.

As a result of this, a personalized customer experience is the essence of state-of-the art email marketing. The challenging goal to generate effective email marketing can be accomplished by creating tailored, personalized, relevant, and useful emails with the right content that are sent to the right customers at the right time and frequency (Hartemo 2016, 220-221; Kingsnorth 2019, 196-199; Minsker 2014, 25; Rowles 2018, 127.) Hence, the basis of a successful newsletter delivery can be boiled down to the right combination of frequency, timing, segment, and content variations which are personalized for the individual subscribers to create an illusion of one-to-one relationship with the company.

## **4.2 Data-driven marketing**

Data-driven marketing as a concept is closely related to CRM and digital marketing. As Semmelroth (2013, Chapter 1) suggests, "data-driven marketing means using data about customers to drive marketing communications." The effectiveness of digital marketing relies heavily on the use of customer data. Data-driven marketing, sometimes called as big data marketing, can be described as a process for systemically collecting and analysing customer data, planning, managing and executing marketing operations based on insights that are derived from big data in to promote customer engagement, measure, track, and improve marketing results (Arthur 2013, 48). Thus, data-driven marketing provides a framework for advanced customer-based digital marketing activities.

Big data is in the core of data-driven marketing. According to Arthur (2013, 46), big data is a collection of structured and unstructured data that is constructed of both traditional sources and digital sources as a database for continuous discovery and analysis. However, having a comprehensive database is not enough to defeat the competitors. Digital marketers need to understand their customer base in order to effectively drive

sales. This understanding is based on the rigorous analysis of facts rather than guesswork or intuition. What database says about the customers, dictates decision-making. (Semmelroth 2013, Chapter 1.) Moreover, customer insight gathered from big data makes possible to improve the relevance of digital marketing.

Data-driven marketing fuelled by customer insight enables digital marketers to communicate with their customers in a more timely and personal manner. The data-driven approaches to target audience can potentially be very different with more timely, relevant, and personalized messages which are based on customer profiles and previous interactions with the company (Chaffey & Ellis-Chadwick, 2019, 26). Big data releases the power of personalization. Customer insight not only helps to understand and select the target audience but also craft a message that resonates with the customers. Message can be varied based on traits customers have in common. They can even be customized down to the level of the individual customer to include specific details such as the last product they bought or the date of their last stay at the hotel. Email marketing makes this kind of customization increasingly easy and affordable. (Semmelroth 2013, Chapter 2.)

Customer insight that is generated by data-driven marketing technologies is also a key to a better overall CX and brand experience which companies are motivated to offer (Arthur 2013, 44). There are now more possibilities than ever to deliver improved customer experiences in digital channels with the help of data-driven marketing. There is a shared understanding that marketers need to take this challenge head on. The tools are available, and consumers are anticipating increasingly personalized approaches, such as information on products or services, that are targeted especially at them based on their own interests or demographic. Big data is perceived as a cost-effective option to deliver personalized experience in digital marketing, and at the same time, tools to utilize it are expected to become more affordable and more usable. (Strong 2015, 80.)

Much greater relevance in one-to-one communications can be achieved by analysing complex customer data sets and applying Artificial Intelligence (AI). Hence, improving digital business-to customer communications such as targeted media and personalized messages calls for marketing applications of AI. These applications include re-targeting, marketing automation, one-to-one dynamic content emails, and predictive analytics. (Chaffey & Ellis-Chadwick 2019, 247-249.) For example, in order to generate response, predictive modelling can be used for sending more relevant, contextual emails to customers or personalizing their web banners. Predictive modelling includes making predictions of success based on historical customer data which is used for defining rules of automated tasks, such as targeting media or sending emails with the best possible

relevant creative offer and timing to the most valuable segments. (Chaffey & Ellis-Chadwick 2019, 249.)

#### **4.2.1 Personalization**

Data-driven marketing has changed the field of digital marketing by raising expectations for personalization. Therefore, personalization has become a priority to digital marketers which importance is growing constantly as customers increasingly anticipate a personalized experience in the digital channels and naturally, also in email marketing (Kingsnorth 2019, 252). This has also raised the bar on email marketing, as customers know what they can expect from marketing emails – personalized content based on their own set of preferences, behavior, and personal data. Personalization is a common practice in today's email marketing that allow marketers to target single email content down to an individual level based on various sources of customer data.

Nesamoney (2015, 22) points out that brand can deliver value and add significantly to customer's experience with the help of data by creating unique personalized marketing messages that engage customers by being timely and relevant. Personalization helps to build and enhance the customer relationships and boosts response by making customers feel that the offers, information, and homepage are put together just for them (Chaffey & Smith 2017a, 480-482). This feeling of exclusivity and ownership can be capitalized as an improved customer experience of email marketing and also on a larger scale as a part of the customer lifecycle and successful customer relationship marketing.

There are different ways to execute personalization in email marketing. Kingsnorth (2019, 254) introduces two key methods of personalization: user-defined and behavioural personalization. In short, the difference between these personalization methods is simple: either the customer tells you what they want (user-defined) or you can learn what the customers want (behavioural). However, if user-denied personalization is strictly seen as set of preferences that the customers can manage themselves, then either of these methods do not take into account demographic data that is available for the most companies, especially the ones with comprehensive loyalty programs, such as S Group.

In contrast to Kingsnorth's two-fold approach to personalization, Chaffey and Smith (2017a, 482) suggest that personalization includes three distinct alternatives: preference-based customization, individualization and group characterization. Preference-based customization allows the customer to set up their own specific preferences.

Individualization is based on the patterns of customer's behaviour to deliver personalized content. Group characterization uses collaborative filtering and case-based reasoning for



recommendations based on preferences of people similar to you. Collaborative filtering and case-based reasoning can also include the use of demographic data.

Up-to-date, high quality data combined with personalization methods and advanced features of email marketing tools, such as dynamic content, allow marketers to personalize emails individually for every customer. Chaffey and Ellis-Chadwick (2019, 260) explain that copy, creative, and offer in a dynamic content email is customized based on rules or real-time content to enhance its relevance and response. The rules of dynamic content can be defined within the limits of available customer data. Consequently, knowledge of the subscribers enables additional customization in dynamic content emails, for example in the panels of an e-newsletter (Chaffey & Ellis-Chadwick, 2019, 260).

In addition, also smaller details of customer information such as name, order confirmation or loyalty number can be personalized based on customer data. Dynamic content emails can also contain real-time information, for example weather information or stock levels in order to increase engagement (Chaffey & Ellis-Chadwick, 2019, 260). This detailed information enhances relevance by creating the illusion of personal emails which in turn improves the overall customer experience of email marketing. Both rules and real-time content in a dynamic content email can be executed through AMPscript coding or a default feature of a sophisticated email marketing system or a marketing automation technology.

#### **4.2.2 Marketing automation**

Marketing automation is widely used marketing technology across businesses that makes possible digital marketers to create, schedule, and automate more relevant emails and personalize communications on company websites based on pre-set rules. This potentially effective digital marketing tool enables improved response and value to customers by enhancing relevance of messaging and supporting different touchpoints of customer lifecycle. (Chaffey & Ellis-Chadwick, 2019, 235.) Marketing automation can help grow, expand, and structure company's digital marketing activities. As Chaffey and Ellis-Chadwick, (2019, 235) argue, "marketing automation is now necessary to scale marketing activities and bring more rigor, repeatability, and transparency to marketing processes." However, marketing automation alone will not suffice when company seeks to build up its digital marketing capabilities and improving digital customer experience.

As a rule, marketing automation system is integrated with customer relationship management (CRM) system that stores all customer data including contact details and the history of customer engagement with a company or a brand (Rowles 2018,143). This

allows more personal approach in digital marketing, as Buttle and Maklan (2019, 238) point out “CRM technologies enable marketing campaigns to be created for individual customers.” This also offers a great opportunity to personalize digital marketing activities so that each touchpoint can be adapted to the needs of a particular customer (Rowles 2018, 143). The success of marketing automation rests on its ability to create customer engagement, utilize high-quality customer data, and adaptability to all digital marketing activities.

In order to make the most of any approach of data-based personalization, variety of data sources on top of sophisticated marketing automation system are required. As Lieb and Szymanski (2017, 9) suggest, “successful strategies rely heavily on multiple data sources and address different demographics, personas, and geo-segments, with different journeys mapped for every relevant platform and channel.” These multiple data sources can include demographic, preference-based, behavioural, or predictive data that are usually connected with the marketing automation system. According to Buttle and Maklan (2019, 238) marketing automation at its most advanced is a combination of comprehensive customer data and predictive modelling that is updated constantly and determines in real-time “the next best action for individual customer at each stage of their customer journey”.

Email marketing, like other digital marketing activities, can be personalized for example based on purchase history, geographical location, age, relationship status, residence, and other personal customer data which will enhance the relevance of content in each touchpoint for the customers. Thus, marketing automation allows to make smarter marketing decisions based on customer data. (Rowles 2018, 143-144.) Marketing automation offers also other possibilities to customize CX as email campaigns can be initiated based on predictive customer behavior or triggered by significant events in the customer relationship (Buttle & Maklan 2019, 246-247). There are countless possibilities to capitalize customer data in a wider context of data-driven marketing in order to create personalized email customer journeys in a marketing automation system.

### **4.3 Content marketing**

Content marketing focuses on creating and distributing relevant, valuable, and consistent content which ultimately attracts and retains clearly defined target audience to drive sales and other profitable customer action (Champion 2018, xxi). This idea of content driven marketing can be applied to digital marketing. According to Lieb and Zsymanski (2017, 12) “content marketing thrives when it is applied differently to every phase of the entire digital customer journey. Content marketers push to create an engaging brand experience during all those phases of decision making, purchase and post-purchase support.”

The general rules of engagement regarding content marketing include target audience, buying cycle, variety of content types, home base for content, and traffic sources. Target audience defines audience for the specific content. The content should be different in the different stages of buying cycle (sometimes referred as customer cycle). However, a great content idea should not be limited to a single content type. While your brand or company website should a home base for all content, SEO, digital advertising, social media, and email marketing drive traffic to the website. (Kingsnorth 2019, 225-227.)

### **Valuable content**

According to Rowles (2018, 27), the idea of content marketing is encapsulated in producing useful and engaging content that is suitable for user's journey to provide value beyond direct product offering. Brand value proposition - a promise of value that should appeal to target audience - can be re-enforced and bolstered interactively through digital-delivered content or services in a creative way by means of content marketing. This idea also applies to Raflaamo newsletter which primarily concession-based emails could be elevated to provide valuable content to subscribers with the means of content marketing.

Valuable content has a bigger purpose. It can be defined as relevant, meaningful, customer focused, and useful high-quality information for a specific target audience. Valuable content can also be described as clear and compelling, genuine, well-produced content with sincerity and empathy, stories customers are told that they can appreciate, understand, and respond to. Content that can either entertain, educate, help, or inspire them. (Jefferson & Tanton 2013, 24.) In the context of Raflaamo newsletter, this could be fine-dining tips for food enthusiasts, culinary information on food seasons, restaurant suggestions for a lunch meeting or holidays, or inspirational recipes for home-cooking etc.

### **4.4 Summary of the theoretical framework**

The theoretical framework of this study consists of three aforementioned core concepts, digital marketing, data-driven marketing, and content marketing along with their sub-concepts which are all interconnected. In the summary of the theoretical framework these concepts in the Figure 3 below will be put in context and their connections between each other will be explained more closely.

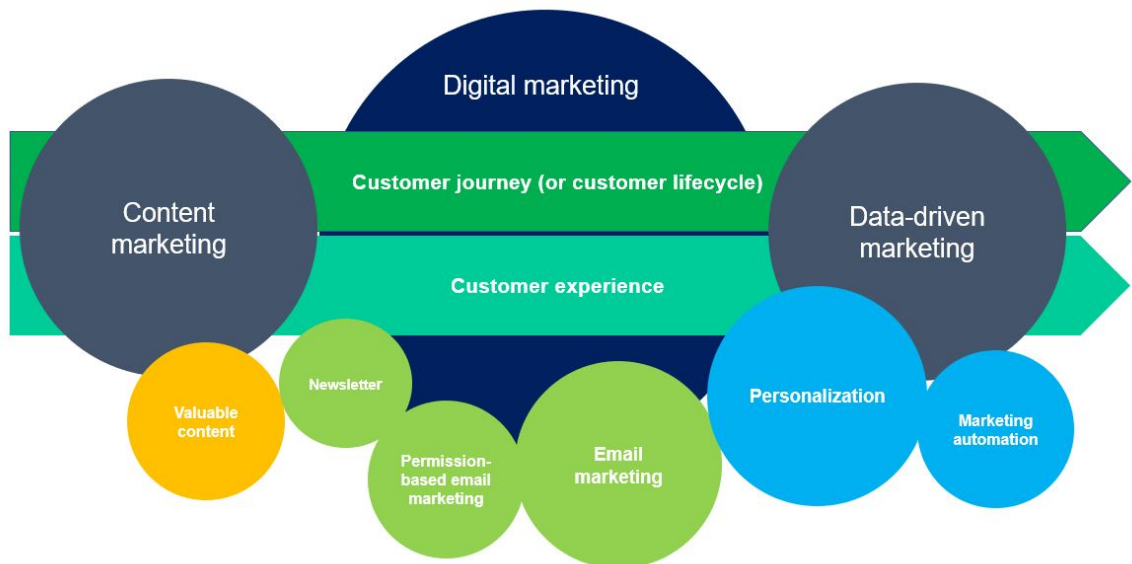


Figure 3. Concepts of the theoretical framework

As the main concept of this study, **digital marketing** ties all the other concepts of the theoretical framework together and simultaneously provides a practical context for the other two core concepts. In practice, digital marketing consists of all the digital marketing activities on the *customer journey* (or customer lifecycle) which also serve as touchpoints for the customers as part of the *customer experience* (CX) of a brand or a company. These touchpoints include digital marketing activities such as *email marketing*, and in the context of the development project of SOK Mara hospitality business a monthly Raflaamo *newsletter* which is one form of *permission-based email marketing*.

The second core concept of the theoretical framework, **data-driven marketing**, is a practice to improve the effectiveness of digital marketing with the help of *personalization*, *marketing automation*, and customer data. The common use of data-driven marketing is personalized email marketing which requires a sophisticated marketing automation system that allows the email content to be personalized based on customer data defined by a specific set of rules. Advanced personalization of content is considered to improve the CX and performance of digital marketing activities, such as email marketing, as well as the overall CX of the whole digital customer journey.

The third core concept of the theoretical framework, **content marketing**, is a practice of creating engagement with *valuable content* that can be applied to digital marketing. Valuable content can be described as useful, relevant, and meaningful which creates value to the customers, such as the local restaurant content and offers of Raflaamo newsletter. Thus, the practice of content marketing and the idea of valuable content are

particularly compatible to personalized email marketing, which aims to improve email performance and CX by enhancing the relevance of content and the overall CX of the customer journey with the means of data-driven marketing.

## 5 Methodology

The development project of Raflaamo newsletter in this thesis work will be conducted both as a case study using a hypothesis-testing practice-oriented research strategy and as an experiment. The objects of the development project will be identified with Gap analysis by comparing and contrasting the current and future state of Raflaamo newsletter. The data collection of the experiment will be implemented with A/B testing and the collected data will be analysed using quantitative methods. The chosen research methods and methods for data collection and analysis will be explained and justified in more detail.

This study will combine both qualitative and quantitative methods, which are considered as complementary approaches and cannot be used in isolation from each other (Ghauri & Grønhaug 2010, 107). The combination of these two chosen research strategies aims to prove hypotheses introduced in chapter 3:

*H1. Enhancing personalization of emails with various types of customer data can increase the relevance of content and thus the overall customer experience of email marketing.*

*H2. Personalized content will lead to higher CTOR and Conversion Rate to the Raflaamo website than generic content in Raflaamo newsletter.*

The first of the chosen research strategies is used commonly in business research. A case study, according to Dul and Hak (2008, 4), is a study in which one or multiple cases in their real-life context are selected and the scores of these cases are analysed with qualitative analysis methods. The case study approach will aim to recognize development needs for further development of personalization on email marketing in real-life context to prove hypothesis 1. According to Ghauri and Grønhaug (2010, 107), qualitative methods are most suitable when in-depth insight of a phenomenon is required by the objectives of the study. Moreover, this approach will help identify the key factors to formulate hypothesis 2 for the experiment of Raflaamo newsletter.

However, the second of the chosen research strategies, the experiment, differs from the case study in a fundamental way. The manipulation of instances in an experiment is the main difference between the case study and the experiment. In an experiment one or more variable characteristics of an object of study are manipulated in one or multiple instances and the scores of the experimental instance or instances are analysed. (Dul & Hak 2008, 4.) The experimental approach with A/B testing will help to provide data on the performance of Raflaamo newsletter that are needed to test and prove hypothesis 2. This

data will be analysed with quantitative methods which enable researchers to accept or reject hypotheses in a logical and consistent manner (Ghuri & Grønhaug 2010, 107).

### **5.1 Hypothesis-testing practice-oriented research**

The case study of Raflaamo newsletter will be conducted as a hypothesis-testing practice-oriented research that combines both theory and practice.

This practice-oriented research method aims to contribute to the knowledge of a specific practitioner, who can be a person (a manager, an entrepreneur, a policy maker, a staff member etc.) or a group of persons (a team, a company, a business sector, a nation etc.) in terms of an identified practice of a real-life situation. (Dul & Hak 2008, 217.) In the context of this thesis work and the development project of Raflaamo newsletter the practitioner includes the author and SOK Mara's digital marketing team. Both the author and the digital marketing team will need this knowledge to solve a real-life problem whether the performance and customer experience of Raflaamo newsletter can be improved with the practice of personalization in email marketing.

In hypothesis-testing research the exploration of practice and theory may lead defining the phase of the problem and a knowledge need that includes one or more hypotheses. These hypotheses can be useful to test in order to find the knowledge that is relevant for decision-making in the current phase of the problem. Thus, the aim of the hypothesis-testing practice-oriented research is to prove or test whether a hypothesis for the practice the study wants to be relevant is correct. (Dul & Hak 2008, 217-218.) In this thesis work practice and theory will be explored through the Gap analysis of Raflaamo newsletter capitalizing author's pre-existing knowledge as a marketing automation specialist and the literature review in the context of the effects of personalization on performance and customer experience in email marketing.

### **5.2 Experiment**

Experiment will also be applied to this development project to study effects of personalization of content on Raflaamo newsletter, since it is the preferred research strategy for testing all types of hypothesis in a hypothesis-testing practice-oriented research (Dul & Hak 2008, 220). More specifically, an experiment is a procedure or a test that proves whether something is true, investigates the validity of a hypothesis or a theory, or attempts to uncover new information (Berger 2016, 319). Hence, this thesis work will use experimentation to examine the validity of the hypothesis 2, whether the personalized content of Raflaamo newsletter will lead to higher CTOR and Conversion Rate to the Raflaamo website than the generic content.

Table 1. The Structure of the Experiment (adapted from Berger 2016, 321)

	<b>Control Group</b>	<b>Experimental Group</b>
1.	Group A	Group B
2.	Randomly selected	Randomly selected
3.	Pre-tested	Pre-tested
4.	Independent variable not introduced	Independent variable introduced
5.	Post-tested	Post-tested

According to Berger (2016, 320-321) the logic of experiments can be summarised in the five steps of the structure of a typical experiment. These five steps of a typical experiment include:

- Two groups of people: *the experimental group* (also known as treatment group) that will get the treatment and *the control group* that will not get the treatment.
- Persons are randomly assigned to either the experimental group or the control group.
- A *pre-test* is conducted. There are two types of variables, *independent* and *dependent*. The groups are measured in terms of a dependent variable, which are presumed to be affected by independent variables.
- Experiment is performed and one independent variable is introduced to the experimental group. Nothing is done with the control group.
- A *post-test* is conducted to see whether a significant difference relative to introduced variable can be found between the experimental group and the control group.

The basic idea of the experiment is simple. Randomly divided into two groups, experimental group will get the treatment and control group will not, because as Ghauri and Grønhaug (2010, 61) suggest, “the impact of outside influences is assumed to be ‘levelled out’ through randomization.” The principle of the experiment is to try one thing at a time to find out what happens, so you have to be careful to introduce only one independent variable at a time to the experimental group. If two or more independent variables are introduced, you cannot know which variables influenced the experimental group or if any of the variables did. (Berger 2016, 319, 321.) In order to discover differences between the two groups and conclude whether the experimental treatment had an effect, observations are made both as pre-test before and as post-test after the manipulation of the independent variable. In effect, the experimental group is compared before and after the exposure to the independent variable and contrasted with the control group. (Berger 2016, 320-321; Ghauri & Grønhaug 2010, 61.)



Emails are easy to iterate compared to other digital channels, such as online platforms. According to Rowles (2018, 125) the most significant property of an email is the capability for testing, learning, and changing things quickly and easily. Therefore, these activities are essential for creating effective email marketing. In the experiment, the researcher controls the independent variable(s), which means they can manipulate several experimental conditions (Ghauri & Grønhaug 2010, 61). Testing involves changing basic features of emails, such as subject lines and preheaders, or more sophisticated features, such as introducing personalized content. Learning from these experimentations helps to optimize email messages and thus continuously improve the performance of email marketing.

Based on marketing literature there are some potential areas for experimental tests. First area of interest is the effect of different email newsletter features such as content and format on relevance that impacts strongly on the performance of email marketing. Second is the effect on newsletter's relevance based on valid consumer data compared to a version without consumer data. (Hartemo 2016, 223.) S Group's concentrated, affluent, and robust customer data provides plenty of opportunities to experiment on relevance of the newsletter content and format to improve the overall effectiveness of email marketing of hospitality business and the performance of Raflaamo newsletter.

### **5.3 Data collection and analysis methods**

In the development project of Raflaamo newsletter, following data collection and analysis methods will be used to collect and analyse primary and secondary data.

Table 2. Data collection and analysis methods

Method	Objective	Data source	Schedule
Gap analysis	Aims to identify key factors for the experiment to formulate hypothesis 2, needs for further development of Raflaamo newsletter, and to confirm hypothesis 1.	Documentation and results of Raflaamo newsletter, S Group's website and intranet, author's insight	January 2021
A/B testing	Aims to collect comparative data on the effects of personalization in Raflaamo newsletter.	A/B test of personalized content in the monthly Raflaamo newsletter sending	February 2021
Quantitative analysis	Aims to analyse metrics of A/B testing and statistical significance of the results in order to confirm the hypothesis 2.	Data from the A/B testing	March 2021

These data collection and analysis methods will be explained and justified in detail in the following sub-chapters.

### 5.3.1 Gap analysis

In this thesis work and development project, Gap analysis will be used for identifying the key factors for the experiment and further development of Raflaamo newsletter.

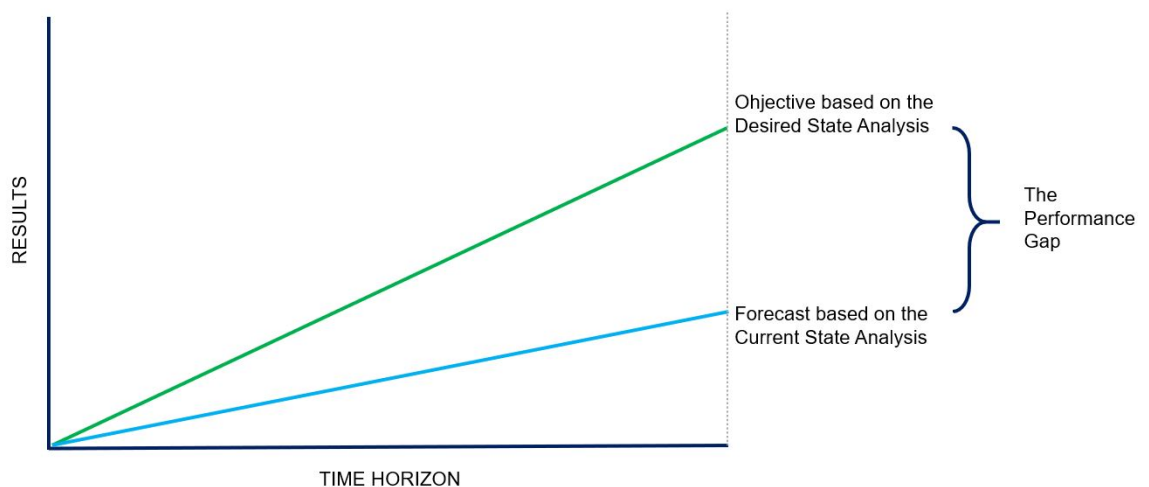


Figure 4. Gap analysis (adapted from Richardson, James & Kelley 2015, 111)

Gap analysis is used to determine the current state of performance and compared it with the desired state of performance. The performance gap between constitutes of the discrepancy between how the business really performs and how it hopes to perform. Conducting a gap analysis means gathering information on operational results of the business, both the current operational results and the desired operational results. Gap analysis paints the initial picture which is needed determine the next steps for improving the business results overall. (Franklin 2006, Uncover Performance Gaps.)

In the development process gaps need to be addressed so that the organization can achieve its potential (Richardson et al. 2015, 111). Gap analysis can help to identify these performance gaps. The current state analysis determines the starting point and the desired state analysis the objective for the development work. Gap analysis maps out the performance gap that needs to be filled in to achieve the objective. Therefore, gap analysis will be conducted for the Raflaamo newsletter to identify the key factors of the performance gap for the experiment and the further development work.

### **5.3.2 A/B testing**

A/B testing will be used for data collection in the experiment of Raflaamo newsletter. In this day and age, A/B testing is a common practice in digital marketing, used for online testing and optimization with a range of tools that make it easier and faster (Siroker, Harshman & Koomen 2013, Chapter 1). A/B testing is also a standard practice in SOK MEDIA's digital marketing operations frequently used in marketing automation. Salesforce Marketing Cloud marketing automation system offers all the necessary features for testing and optimizing email marketing, which is an important part of the digital marketer's toolbox, and particularly for the author's daily mission as a marketing automation specialist.

A/B testing is a methodology which can be used as a controlled experiment to test different variations with random sampling in order to find the most effective variation based on results of the A/B test (Siroker et al. 2013, Chapter 1). The concept is simple: compare two or more versions and their performance to see which version does better in relation to the objective's metrics (King, Churchill & Tan 2017, Preface). Moreover, A/B tests and experiments provide controlled environments to establish causality by helping us to understand with accuracy and confidence, why something happened and how decisions cause changes in behavior (King et al. 2017, Chapter 2). This will also be established in the A/B test of Raflaamo newsletter.

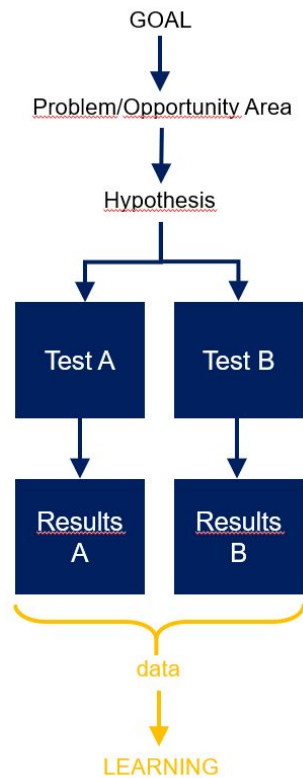


Figure 5. A/B testing design (adapted from King et al. 2017, Chapter 3)

A/B testing provides a framework for experimentation (King et al. 2017, Chapter 3). A/B test is designed to confirm a hypothesis, which is formulated based on a problem or an area of opportunity to fulfill a specific goal. In the simplest form of A/B test, for example in email marketing, two versions (Test A and Test B) are tested by distributing them randomly to the recipients and their results are compared against each other. The version with better results is the winner of the A/B test. The results of the A/B test provide data for continuous learning and optimization. In essence, A/B testing is a scientific method for data-based learning that can be applied online and at scale (King et al. 2017, Preface).

A/B test is particularly useful tool for email marketers. Emails can be A/B tested to improve quantifiable performance metrics such as Open Rate and Click-Through Rate (Siroker et al. 2013, Chapter 12). However, because the A/B test of Raflaamo newsletter focused on testing the effects of personalized content, CTOR and Conversion Rate to website were selected as the KPIs to measure email performance. According to Siroker et al. (2013, Chapter 12) “email is one of the most important things you can A/B test.” Hence, A/B testing was selected as the primary data collection method for the experiment of Raflaamo newsletter in this development project.

Raflaamo newsletter content in the A/B test will be personalized based on the place of residence of each individual subscriber, more specifically, the area of regional cooperative they live in. In the experiment of Raflaamo newsletter, the independent variable will be personalized content introduced to the experimental group which they will see on the email instead of generic content that the control group will see. However, for the purpose of the development project and the experiment on Raflaamo newsletter, the customer data used for personalization in the A/B test will be limited to testing the demographic attribute i.e. place of residence of the Raflaamo newsletter subscribers.

### 5.3.3 Quantitative data analysis and statistical significance

The metrics of the A/B test of Raflaamo newsletter will be analysed using quantitative data analysis methods. King et al. (2017, Chapter 2) suggest experiments and A/B tests can be evaluated against measures of statistical significance since they are quantitative methods. Furthermore, statistical significance quantifies the probability that the findings reflected by the data are true rather than a result of a coincidence. Therefore, the statistical significance of the experiment's results will be verified by calculating the confidence intervals for the KPIs of the A/B test of Raflaamo newsletter (Open Rate, CTOR, Conversion Rate to website and Conversion Rate of Table Reservations).

$$p \pm 1.96 \sqrt{\frac{p(1-p)}{n}}$$

Figure 6. Confidence Interval Formula with 95 % Confidence Level (adapted from Siroker et al. 2013, Appendix 2)

Confidence intervals for the KPIs will be calculated by using 95 % confidence level, which is the standard for A/B testing and business analytics generally. The confidence interval formula tells whether the observed difference between the observed KPIs in an A/B test, such as Open Rates, CTORs, and Conversion Rates, is big enough that it can attributed to the difference in experience between A and B instead of a sampling error. (Siroker et al. 2013, Appendix 2.) Confidence intervals can also be drawn for visual inspection. The result is statistically significant if the confidence intervals are separate and do not overlap. The confidence intervals of the KPIs in the A/B test of Raflaamo newsletter will be drawn to be visually examined in the findings of chapter 6.

## **6 Conducting the study**

This chapter describes how this study was conducted by collecting and analysing both qualitative and quantitative data. The Gap analysis was conducted in order to identify key factors for the experiment, hypothesis 1, and needs for further development of Raflaamo newsletter. The experiment was conducted as A/B testing to collect comparative data on the effects of personalization in Raflaamo newsletter. Quantitative data analysis was conducted on the metrics of A/B testing by calculating the statistical significance for the results of the experiment to confirm the hypothesis 2.

### **6.1 Gap analysis of Raflaamo newsletter**

This sub-chapter is dedicated to the Gap analysis Raflaamo newsletter. The current and desired state of Raflaamo newsletter will reveal what is the status quo now and what it can be in the future with the help of personalization and data-driven marketing.

#### **Current state of Raflaamo newsletter**

Raflaamo newsletter contains restaurant content and is sent monthly to its subscribers. The newsletter is a part of S Group's customer relationship marketing with S-Etukortti discounts from restaurants and other benefits, such as Bonus, aimed at the co-op member households that belong to S Group's loyalty program (S Group 2020b). Also, new subscribers for Raflaamo newsletter have been recruited predominantly among the ranks of existing co-op members and their families. However, anyone can subscribe the newsletter from Raflaamo.fi by clicking the pop-up window in their website or a subscription link in a recruitment campaign post on Raflaamo's social media platform.

SOK Mara is in charge of the web presence of the S Group's hospitality business overall. Raflaamo.fi is the name of the platform that hosts all the restaurant chains, local restaurants, cafes, and pubs of S Group. Consequently, the newsletter connected to the platform has also been named Raflaamo. However, unlike Raflaamo's website the newsletter only includes content of the chain restaurants. Thus, currently the subscribers of Raflaamo newsletter receive the same generic email marketing messages despite the actual restaurant offering in their respective place of residences.

SOK Mara, the travel and hospitality business unit of S Group, has identified the potential of Raflaamo newsletter to draw in customers to their restaurants and seeks to develop it further. This development project aims to grow the effectiveness of SOK Mara's email marketing by improving the performance and customer experience of Raflaamo newsletter. The metrics of the newsletter, such as lower than average Click-to-Open-Rate

(CTOR) and very low Conversion Rate of Table Reservations, indicate that the mainly generic email content has been underperforming for quite some time.

Table 3. Raflaamo Newsletter Performance 2020

<b>Deliveries</b>	<b>Unique Opens</b>	<b>Open Rate</b>	<b>Unique Clicks</b>	<b>CTOR</b>
518 366 (total)	167 356 (total)	38,98 % (av.)	16 240 (total)	9,85 % (av.)

2020 was a tough year for hospitality business due to Covid-19 pandemic which was also reflected in the performance of Raflaamo newsletter and KPIs (Table 3). S Group was forced to close its restaurants for a couple of months in the spring because of the regulations of public authorities. This meant that there was very little restaurant content available for Raflaamo newsletter. Furthermore, the newsletter send in February 2020 was cancelled due to lack of content because many of the restaurants were closed. However, KPIs of Raflaamo newsletter have been a disappointment even before the pandemic compared to SOK Mara's newsletter performance on average.

Table 4. Raflaamo Newsletter Website Performance 2020

<b>Unique Users</b>	<b>Conversion Rate to Raflaamo website</b>	<b>Table Reservations</b>	<b>Conversion Rate of Table Reservations</b>
12 158 (total)	7,26 % (av.)	133 (total)	0,59 % (av.)

The difficulties of the hospitality business and the closing of S Group's restaurants affected also the KPIs of Raflaamo website and business results of Raflaamo newsletter (Table 4). The restaurants were only permitted to sell take away during the closing. The lack of restaurant content also meant that there were fewer possibilities customers to visit Raflaamo website. Moreover, booking a table was not possible when eating in was not allowed in restaurants, which had a negative effect on amount of traffic and table reservations on Raflaamo website and overall business results.

#### **Desired state of Raflaamo newsletter**

The desired state of Raflaamo newsletter looks very different than the status today. The performance of the newsletter is improved by the possibilities of data driven marketing, personalization, and the extended use of marketing automation.

Table 5. KPI Objectives for the Desired State of Raflaamo Newsletter

<b>Open Rate</b>	<b>CTOR</b>	<b>Conversion Rate to Raflaamo website</b>
42,00 %	19,00 %	12,00 %

This improvement on the performance of Raflaamo newsletter can be seen in KPIs, such as Open Rate and CTOR, which are above performance figures of SOK Mara newsletters on average. Also, amount of traffic to Raflaamo website has significantly grown thanks to increased Conversion Rate to the website from Raflaamo newsletter (Table 5).

The comprehensive customer data of S Group's co-operative membership register available for digital marketing purposes allows to segment, target, and personalize email marketing for the identified customers in compliance with EU's General Data Privacy Regulation (GDPR). It is possible to personalize email newsletter content in S Group's marketing automation system based on predefined segments generated from purchase data, website behaviour, predictive modelling as well as basic geographic attributes, such as place of residence and demographic attributes, for example age, residence, gender and household type or a mixture of these variables. (S-kanava 2020.) Data-driven marketing helps to improve the personalization of Raflaamo newsletter.

The combination of comprehensive customer data, local restaurant content, S Group's offers for co-op members, and possibilities of marketing automation enable improving performance of Raflaamo newsletter using personalization. The newsletter includes personalized offers from local restaurants targeted based on behavioural data of Raflaamo website. The subscribers are shown offers of the restaurant(s) which landing page they have visited on Raflaamo website. Also, the subscribers of Raflaamo newsletter receive product or restaurant recommendations based on purchase and behavioural data which is enabled with the combination of marketing automation and predictive modelling.

The use of Artificial Intelligence (AI) takes the personalization of Raflaamo newsletter content in the whole another level. The performance of Raflaamo newsletter is improved by using advanced personalization, such as personalized restaurant offers and recommendations on dishes from a menu to try and restaurants to visit, based on website behaviour and predictive modelling. The greater relevance of content creates an exceptional customer experience and promotes engagement among the newsletter subscribers which in turn is transformed into better performance of Raflaamo newsletter. No longer being a lackluster in terms of business results, the KPIs of Raflaamo newsletter exceed the performance of SOK Mara's newsletters on average.



## **The Performance Gap of Raflaamo newsletter**

Gap analysis of Raflaamo newsletter revealed three factors that are needed to close the performance gap and are essential to the successful email marketing in the future. Further development on these key factors will help improving performance of Raflaamo newsletter using personalization for better customer experience and performance of email marketing.

The identified key factors for the development project of Raflaamo newsletter are as follows

1. personalized offers and other content from local restaurants
2. recommendations on products (dishes from a menu to try next) and restaurants (next restaurant to visit) based on website behavior and predictive modelling
3. the comprehensive use of customer data and marketing automation for scalability and advanced personalization of content.

Incorporating more relevant, personalized local restaurant offering to Raflaamo newsletter can improve customer experience and help to increase customer loyalty and retention of S Group's co-op members as part of the customer journey in the long run. Personal recommendations of products and restaurants based on their website behavior and predictive modelling will not only promote S Group's restaurant offering and enhance business results but also add value to customers by improving the relevance of Raflaamo newsletter. This notion is also supported by the literature (Nesamoney 2015, 22; Chaffey & Smith 2017a, 480-482).

In a sense, Raflaamo newsletter will function as a display window for the co-operative membership offering along with what the chain restaurants have to offer to the customers. Accommodating co-operatives' own content in Raflaamo newsletter will also offer additional visibility for the local restaurants both operated and owned by the co-operatives, their campaigns and other local marketing measures targeted at the co-op member households. These restaurants are located all over Finland, from Helsinki to Rovaniemi in the areas of nineteen individual regional co-operatives in total (S Group 2020b).

Therefore, geographic targeting is an important tool to be leveraged, especially if brands have multiple locations such as S Group restaurants. You can create a sense of belonging and build community feel around a brand by personalizing an email based on location. (Minsker 2014, 26.) Based on this idea, personalization of local restaurant content will be A/B tested in Raflaamo newsletter with the combination of geographic and demographic customer data: the place of residence in the area of regional co-operative a customer lives in. This will also set requirements for the marketing automation system.

SOK MEDIA aims to improve its capability and cost-efficiency in producing services to the business units of S Group such as SOK Mara chain management (S Group 2020a). This demands the adoption of a data-driven marketing approach. Also, marketing automation operations need to be automated at scale. Thus, the personalization of the local restaurant content in Raflaamo newsletter requires the use of comprehensive personal data of S Group available in the Salesforce Marketing Cloud as well as advanced personalization capabilities of the same marketing automation system.

## **6.2 A/B test of Raflaamo newsletter**

A/B testing was used as a primary data collection method for the experiment of Raflaamo newsletter. The A/B test was delayed nearly a year from its original timetable due to Covid-19 pandemic that closed restaurants in Finland. The A/B test was finally conducted as a part of the regular monthly Raflaamo newsletter sending in 16 February 2021. The content production team that consisted of SOK Mara restaurant marketing manager, copywriter and art director from Aste collaborated with the author to produce the generic Email A of February's Raflaamo newsletter which theme was winter holiday. The author was responsible of producing the dynamic Email B of February's Raflaamo newsletter with personalized, dynamic content and rules based on Email A of the newsletter.

For the A/B testing purposes, seven co-operatives of S Group, that represented approximately a half of the subscribers of the newsletter, were recruited take part in a pilot project testing local restaurant content in Raflaamo newsletter. In the pilot project these seven co-operatives (Osuuskauppa Hämeenmaa, Osuuskauppa Keskimaa, Kymen Seudun Osuuskauppa, Pirkanmaan Osuuskauppa, Turun Osuuskauppa, Osuuskauppa Suur-Savo, Satakunnan Osuuskauppa) agreed to produce their own local restaurant content for the dynamic Email B replacing the usual generic chain restaurant content that has been ordinarily deployed in Raflaamo newsletter. Although in the middle of layoffs in S Group's hospitality business, all the recruited co-operatives were able to produce required amount of local restaurant content.

### **6.2.1 Email design for A/B testing**

The A/B test was executed in Salesforce Marketing Cloud that is used as an email marketing tool in the whole S Group and is operated by SOK MEDIA's marketing automation team. Operating the Raflaamo newsletter sending in the marketing automation system was author's responsibility as the dedicated marketing automation specialist of SOK Mara's digital marketing team. The first step was to design the emails for the A/B test.

The subject line, preheader, main content, hero image, and S Group's restaurant safety content were crafted to match both versions of A/B test emails regardless the sub content of the emails, whether it was generic or personalized. A/B test emails contained in total of six contents with CTA. Winter holiday theme was the one commonality of both Emails A and B, which was also showcased in the shared subject line and preheader of the emails:

**Subject:** Take a look at the winter holiday treats 📧

(Finnish: Katso miten talvilomalla herkutellaan 📧 )

**Preheader:** Whether on a holiday or just on the move, come and enjoy our wintry treats!

See discounts »

(Finnish: Olitpa lomalla tai muuten liikkeellä, tule nauttimaan talvisista makuelämyksistä!

Katso edut »)

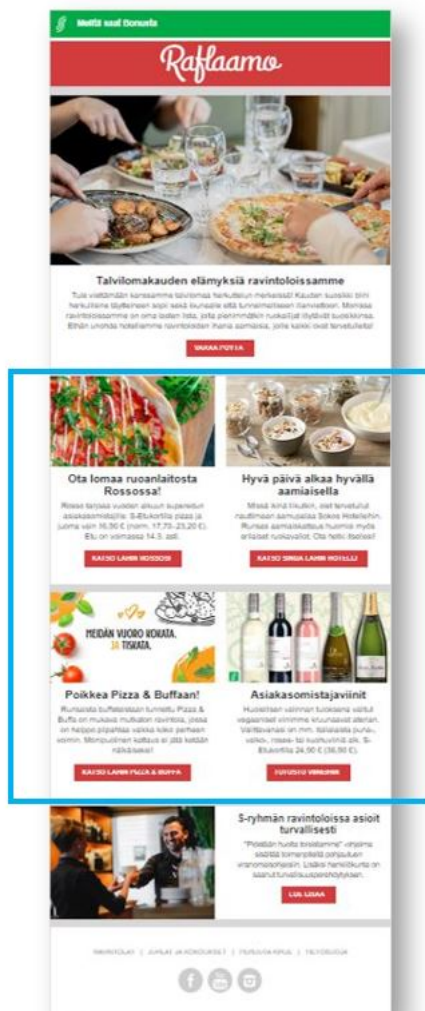


Figure 7. Generic Email A of Raflaamo newsletter

## Generic version A of Raflaamo newsletter

In order to adhere the rules of the experiment, the Emails A and B shared the same subject line, preheader, main content, hero image, and safety reminder content. The content of the generic Email A was created to appeal the whole subscriber list of Raflaamo newsletter minding the fact that for the subscribers, who live all over in Finland, the restaurant offering of S Group is different in every single place.

The email contained a collection of four restaurant content in total which were chosen based on their general nature and widespread availability. Wines for co-operative members and breakfast are available in restaurants everywhere in Finland. However, Rosso and Pizza & Buffa chain restaurants cover most of Finland but not the whole Finland.

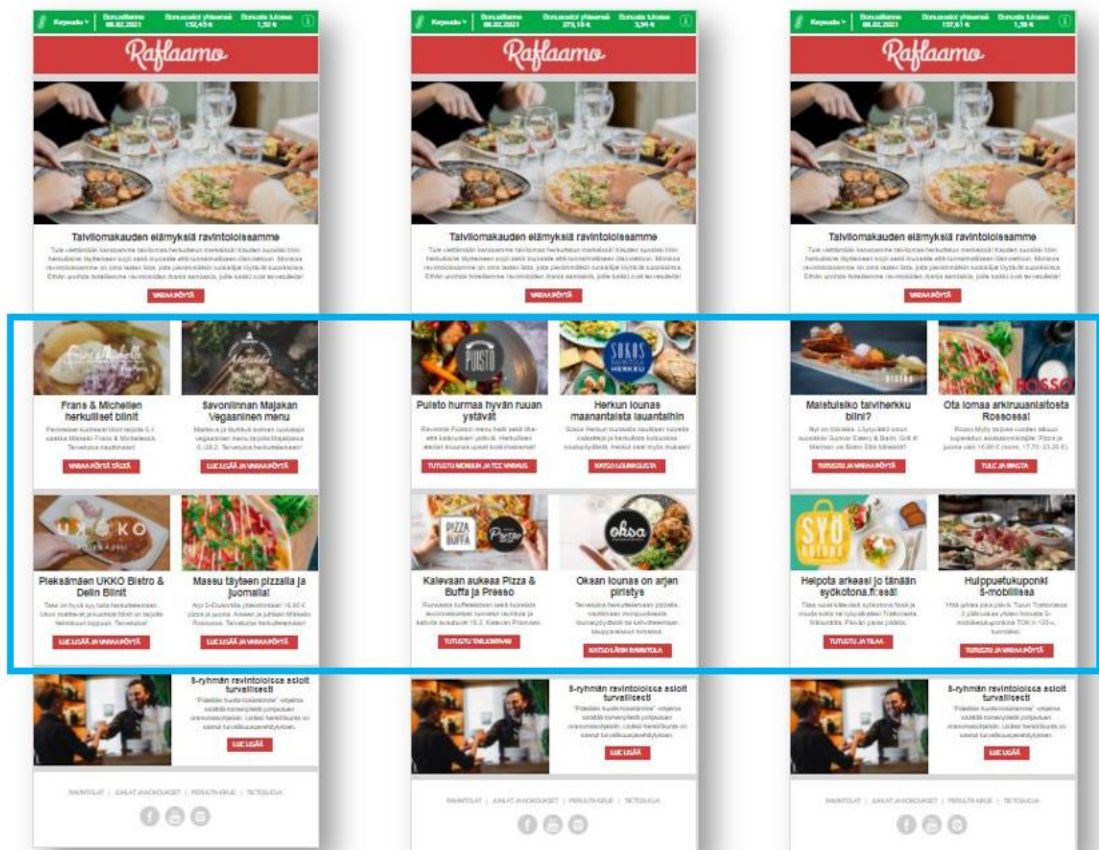


Figure 8. Examples on dynamic Email B of Raflaamo newsletter

## Dynamic version B of Raflaamo newsletter

In addition to the shared content with Email A (subject line, preheader, main content, hero image, and safety reminder content), dynamic Email B with personalized co-operatives'

restaurant content was created to appeal the subscribers locally. Each co-operative produced a collection of four local restaurant content in total to match the amount of the restaurant content in the generic Email A.

It was important to have the same amount of content for all versions to be comparable against each other. Personalization of this email was executed using dynamic content and rules that designated which version subscribers would receive. The dynamic rules were created based on the name of the co-operative which area each individual subscriber lives in. There were in total of seven dynamic versions of the Email B.

### 6.2.2 Execution of the A/B test with marketing automation

The A/B test was executed by the author in Salesforce Marketing Cloud marketing automation system using Journey Builder that offers a variety of journey activities to create a simple, complicated or a highly sophisticated multichannel customer journey. A particularly useful activity called a Decision Split was used to define a customer journey for the A/B test. This journey activity allows marketer to set rules based on which the contacts are directed to the correct branch. The customer journey of the A/B test was a simple one, only one Decision Split before Email Activities for the Email A and Email B.

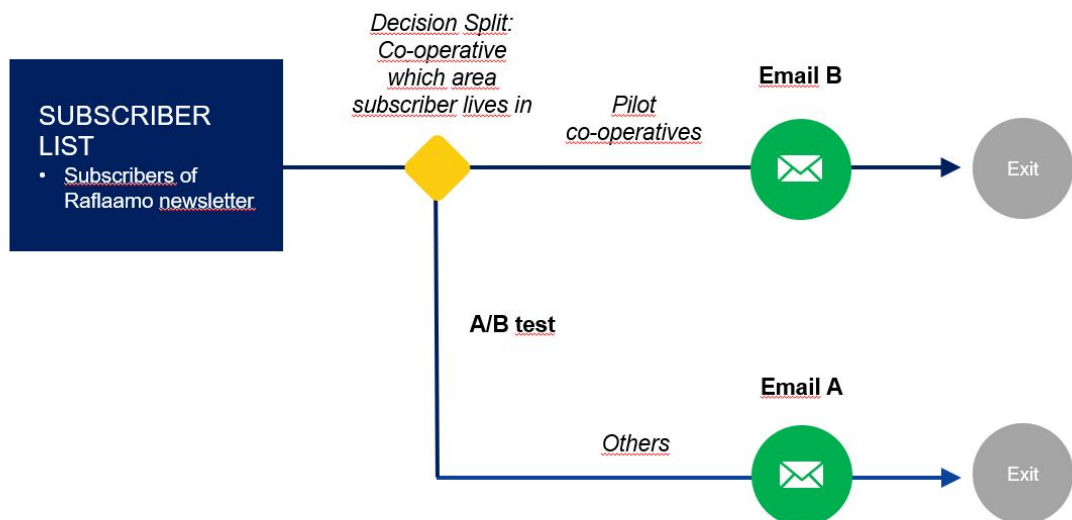


Figure 9. Customer journey for the A/B test of Raflaamo newsletter

Inside the customer journey the contacts of the Raflaamo newsletter subscriber list were divided into two groups with a Decision Split and directed in two separate branches with either Email A or Email B based on a set of rules. These rules included the same seven

co-operative names that were used to create the dynamic content rules for the dynamic version B of Raflaamo newsletter.

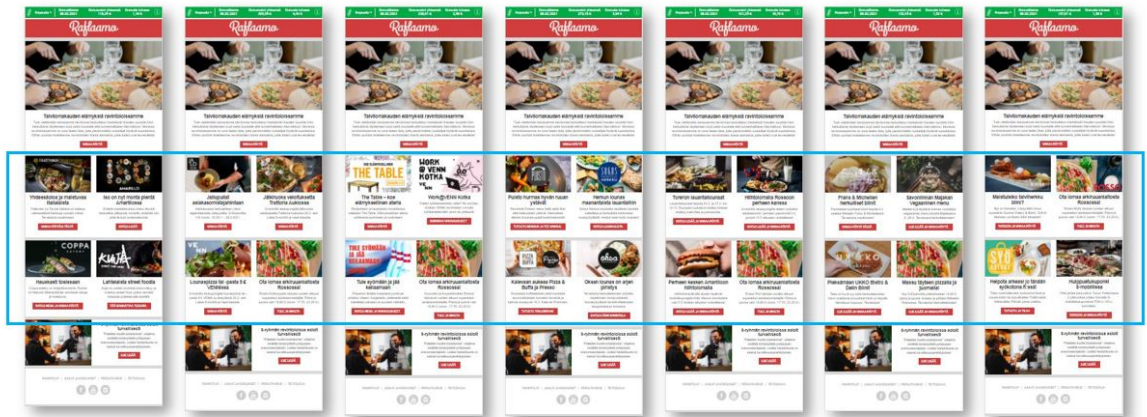


Figure 10. All seven versions of dynamic Email B of Raflaamo newsletter

The contacts received either the generic Email A or the dynamic version of Email B based on the co-operative's name which area they live in. Subscribers who lived in the area of the seven pilot co-operatives (Osuuskauppa Hämeenmaa, Osuuskauppa Keskimaa, Kymen Seudun Osuuskauppa, Pirkanmaan Osuuskauppa, Turun Osuuskauppa, Osuuskauppa Suur-Savo or Satakunnan Osuuskauppa) received the dynamic version Email B of Raflaamo newsletter. Moreover, the collection of four restaurant content of the dynamic version of Email B was personalized individually for each subscriber based on the co-operative's name which area they live in.

The optimal send time for the A/B test of Raflaamo newsletter was defined based on the suggestion of Einstein Send Time Optimization tool. The Send Time Optimization tool collects Open Rate data from the previous sends and calculates the most optimal time of the day when the contacts are most likely to open the email. Based on the suggestion calculated by Send Time Optimization tool, the A/B test of Raflaamo newsletter was sent out in the afternoon at 15:00 to maximise the probability that the emails will be opened.

### 6.2.3 Email performance and conversion tracking of the A/B test

The KPIs of email performance for the A/B-test of Raflaamo newsletter consisted of Open Rate and CTOR. All tracking data for email performance is saved and stored in Salesforce Marketing Cloud Reports. Email performance report of the A/B test emails, including the KPIs, was downloaded from the marketing automation system seven days after the sending for the quantitative analysis of the A/B test data.

The KPIs for the A/B test of Raflaamo newsletter included also both Conversion Rate to the Raflaamo website and Conversion Rate of Table Reservations. Hence, Google Analytics (GA) utm-tags were added to the URLs (i.e. the links of the landing pages) of both emails in order to track the traffic and conversions on the Raflaamo website with Google Analytics 360 tool. The utm-tagging of the URLs functions as a map to find the tracking data inside GA.

Source / Medium ?	Campaign ?
1. sokmedia / email	202102_885_raflaamo_b2c_uutiskirje_b90005549
2. sokmedia / email	202102_885_raflaamo_b2c_uutiskirje_a90005549

Figure 11. Campaign tags of the A/B test of Raflaamo newsletter

The Campaign tag associated to a certain email sending helps to separate the emails in Google Analytics 360 system. In the A/B test suffix `_a` was added to the Campaign tags of Email A and suffix `_b` to Campaign tags of Email B to create distinction between the two emails for GA conversion tracking (Figure 11). The conversion tracking data was collected from GA using the same timeframe of seven days from the Raflaamo newsletter A/B test send date.

### 6.3 Experiment on Raflaamo newsletter

This experiment was an essential part of the development project of Raflaamo newsletter which objective was to improve the performance of the newsletter using personalization and aimed to prove the hypothesis that personalized content leads to higher CTOR and Conversion Rate than the generic content. Consequently, the personalized content was the independent variable chosen for the experiment.

Table 6. The Experiment on Raflaamo Newsletter

	<b>Control Group</b>	<b>Experimental Group</b>
1.	Group A: Subscribers who live outside the areas of the pilot co-operatives	Group B: Subscribers who live inside the areas of the pilot co-operatives
2.	Randomly selected	Randomly selected
3.	(Pre-tested)	(Pre-tested)
4.	Not exposed to personalized local restaurant content (Email A)	Exposed to personalized local restaurant content (Email B)
5.	Post-tested	Post-tested

In the A/B test, the subscribers of Raflaamo newsletter were divided into two groups: the control group (Group A) and the experimental group (Group B). The control group consisted of the subscribers who lived outside the areas of the pilot co-operatives. The experimental group instead consisted of the subscribers who lived inside the areas of the pilot co-operatives. In that way, the individual subscribers of Raflaamo newsletter were randomly assigned to these groups based on which co-operative's area they live in.

The pre-test was not conducted as planned in the monthly sending of Raflaamo newsletter in January, because the emails would have not been comparable in terms of click and conversion data. Since the structure of the email in January was different from the A/B test emails, the amount of restaurant content did not match between the emails which would have provided different amount of opportunities to click. Consequently, the experimental group (Group B) could not have been compared before and after the exposure of the personalized content in the A/B test of Raflaamo newsletter.

In the A/B test of Raflaamo newsletter, personalized local restaurant content was tested as the independent variable of the experiment. The control group (Group A) was not exposed to the personalized content and received the same generic chain restaurant content as before in Email A. However, the experimental group (Group B) was exposed to the personalized restaurant content of their own local co-operative in Email B. The content offering of each subscriber was based on which co-operative's area they live in. All the other variables (subject line, preheader, hero content) were the same for both groups.



Table 7. Raflaamo Newsletter Performance A/B Test February 2021

<b>A/B test</b>	<b>Deliveries</b>	<b>Unique Opens</b>	<b>Open Rate</b>	<b>Unique clicks</b>	<b>CTOR</b>
Group A	16 931	6 628	39,15 %	558	8,44 %
Group B	17 712	6 955	39,27 %	697	9,95 %

Table 8. Raflaamo Website Performance A/B Test February 2021

<b>A/B test</b>	<b>Unique users</b>	<b>Conversion Rate to website</b>	<b>Table reservations</b>	<b>Conversion Rate of table reservations</b>
Group A	352	5,34 %	2	0,43 %
Group B	581	8,34 %	4	0,52 %

The post-test was conducted after the A/B test of Raflaamo newsletter (Table 7; Table 8). The experimental group (Group B), that was exposed to the personalized content, was contrasted with the control group (Group A), that was not exposed to the personalized content, in order to examine if the post-test showed differences between the groups to confirm the hypothesis 2 of this thesis. Since the only variable that distinguished the experimental group and the control group was the personalized content, any difference between the groups will have to do with the experimental treatment. The data collected with the A/B test of Raflaamo newsletter was analysed post-test with quantitative analysis methods. The results of the experiment will be introduced and examined in detail in the next chapter.

## 7 Findings

In this chapter the results of the Gap analysis of Raflaamo newsletter and the experiment on Raflaamo newsletter will be examined in detail. The findings of the Gap analysis will provide answer to the research question and the findings of the experiment results will provide an answer to the research question 2 of this development project. The data collected with A/B testing for the experiment was analysed with quantitative methods.

### 7.1 Findings on the Gap analysis of Raflaamo newsletter

The Gap analysis of the Raflaamo newsletter provided an answer to the research question 1:

*RQ1. How data-driven marketing can enhance customer experience of email marketing?*

The Gap analysis of Raflaamo newsletter was conducted based on literature on customer relationship marketing, digital marketing and data-driven marketing, and completed with author's knowledge as a marketing automation specialist. The literature suggested that data-driven marketing approach enhances customer experience by enabling more timely, relevant, and personalized email marketing messages which are based on customer profiles and their previous interactions with the company (Chaffey & Ellis-Chadwick, 2019, 26). Moreover, literature suggested that the use of marketing automation improves response and delivers value to customers by enhancing relevance of messaging and supporting different touchpoints of customer journey (Chaffey & Ellis-Chadwick, 2019, 235). Thus, Gap analysis focused on identifying factors that can increase relevance of email marketing with the use of personalization.

The Gap analysis of Raflaamo newsletter revealed three key factors that can help fill the performance gap and enhance customer experience of email marketing with data-driven marketing. These key factors are as follows

1. personalized offers and other content from local restaurants
2. recommendations on products (dishes from a menu to try next) and restaurants (next restaurant to visit) based on website behavior and predictive modelling
3. the comprehensive use of customer data and marketing automation for scalability and advanced personalization of content.

Based on the results of Gap analysis, enhancing the personalization of emails with the use of various kind of customer data, such as purchase data, and the use of AI, such as predictive modelling, in combination with valuable content for customers can increase the relevance of content and thus improve the overall customer experience of email marketing.

## **7.2 Findings on the experiment on Raflaamo newsletter**

In order to verify the statistical significance of the results of the experiment on Raflaamo newsletter, confidence intervals were calculated for the selected KPIs. Because of the pilot project of local restaurant content, it was not possible to split Group A and Group B in half, 50 % / 50%. Since the sample sizes were not identical, only percentages like Open Rate, CTOR (Click-to-Open-Rate), and Conversion Rates could be analysed because they were the only comparable KPIs of the A/B test of Raflaamo newsletter.

### **Performance of Raflaamo newsletter and website**

In this study, email performance of the A/B test emails was measured by Open Rate and CTOR. In the post-test, Group A and Group B were compared against each other based on these two KPIs of the generic version of Email A and the personalized version of Email B of Raflaamo newsletter (Appendix 3). Raflaamo website performance of the A/B test is measured by Conversion Rate to Raflaamo website and Conversion Rate of Table Reservations. In the post-test, the online behaviour of Group A and Group B were compared against each other based on these two KPIs of Raflaamo website (Appendix 4).

However, the Conversion Rate of Table Reservations was not applicable to all Raflaamo newsletter content. Some of the pilot co-operatives have only one restaurant with table reservation capability in their region and could not provide enough local content to promote table reservations. Because the amount of table reservation content varied between the pilot co-operatives and the generic version, the amount of table reservations or the Conversion Rate of Table Reservations were not comparable between Email A and Email B. Moreover, the author had no control over the structure and content of Raflaamo website, both of which have a direct effect on the Conversion Rate of Table Reservations.

### **Open Rates of A/B test emails**

Open Rate indicates whether the subject line and preheader of the email have been effective and managed to activate subscribers to open the email itself. This is the first part of the email subscribers will see on their electronic mailbox and based on which they will decide whether they are going to open the email or not. However, since both emails of the A/B test shared the same subject and preheader, there was not much of a difference between the Open Rates of the A/B test emails (Appendix 3). Open Rate of Email A (38,96 %) was only a fraction of lower than Email B (39,10 %), as could be expected due to same, shared subject and preheader content.

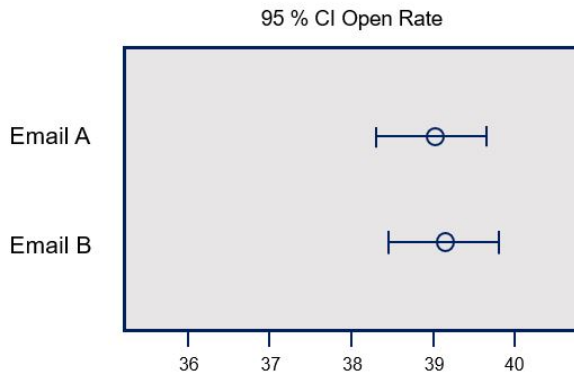


Figure 12. 95 % Confidence Intervals of Open Rates

The confidence intervals of Email A and Email B overlap, which indicates that the difference between the Open Rates is not statistically significant.

### CTORs of A/B test emails

CTOR indicates whether the content of the email has been interesting enough to subscribers in order to click the CTA (Click-to-Action) image or button on the email. Since both A/B test emails contained the same number of CTAs, CTORs of the emails are comparable. In the A/B test, there was a clear difference between email versions (Appendix 3). CTOR of Email B (9,95 %) was higher than CTOR of Email A (8,44 %). Thus, Email B has been more interesting to subscribers and its content has managed to activate them to click the CTAs more successfully than the content of Email A. This also indicates that the higher CTOR of Email B is caused by the personalized restaurant content, since it was the only difference between Email A and Email B in the A/B test of Raflaamo newsletter.

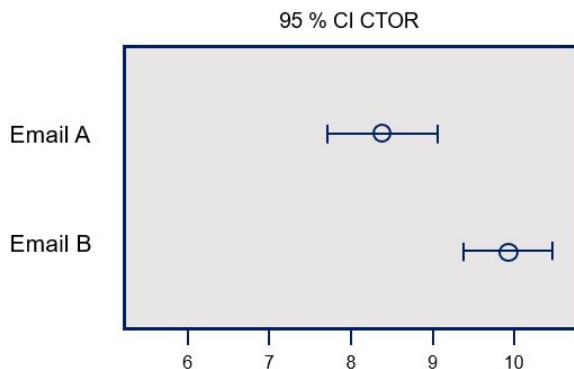


Figure 13. 95 % Confidence Intervals of CTORs

The confidence intervals of Email A and Email B stand apart, which indicates that the difference between the CTORs is statistically significant.

### Conversion Rates from A/B test emails to Raflaamo website

Conversion Rate to Raflaamo website indicates whether the email content has succeeded to activate subscribers and convert them to Raflaamo website. The Conversion Rate is calculated by dividing Unique users of the website with Unique Opens of the email. In the A/B test there was a clear difference between Group A and Group B in terms of their online behaviour on Raflaamo website (Appendix 4). The Conversion Rate to Raflaamo website of Group B (8,34 %) was clearly higher than of Group A (5,34 %). Thus, Email B has converted subscribers more successfully to Raflaamo website than Email A. This also supports the findings of Raflaamo newsletter performance that the higher Conversion Rate to Raflaamo website of Email B is caused by the personalized restaurant content.

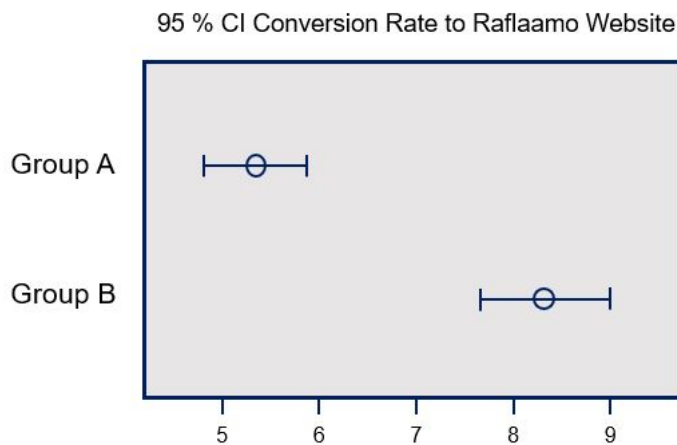


Figure 14. 95 % Confidence Intervals of Conversion Rates to Raflaamo Website

The confidence intervals of Group A and Group B stand apart, which indicates that the difference between Conversion Rates to Raflaamo website is statistically significant.

### Conversion Rate of Table Reservations on Raflaamo website

The Conversion Rate of Table Reservations indicate whether the converted email subscribers have reserved a table on Raflaamo website. The content and CTAs of the email have only a little effect on this KPI. At this point of the customer journey, the content of the landing pages and the structure of the reservation funnel on Raflaamo website affect the Conversion Rate of Table Reservations more than the email content itself. The newsletter has served its purpose if subscribers have clicked the CTAs. There was almost no difference between Group A and Group B of the A/B test, since Conversion Rate of

Table Reservations of Group B (0,52 %) was only a fraction of higher than of Group A (0,43 %) (Appendix 4).

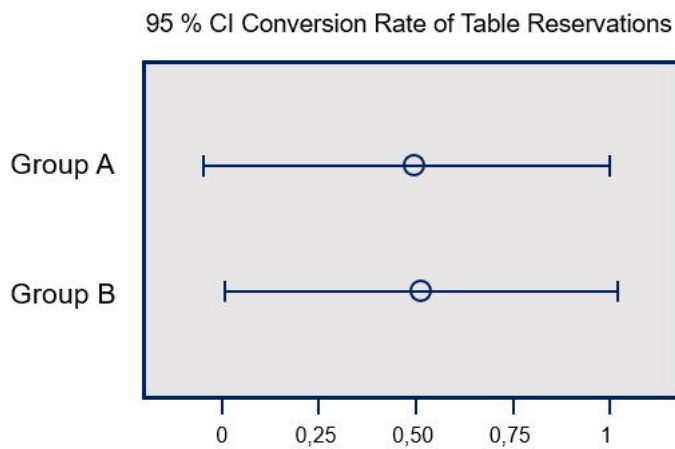


Figure 15. 95 % Confidence Intervals of Conversion Rates of Table Reservations

The confidence intervals of Group A and Group B overlap, which indicates that the difference between the Conversion Rates of Table Reservations is not statistically significant.

### Summary of the findings

The analysis of the A/B test of Raflaamo newsletter provided an answer to the research question 2:

*RQ2. How personalization of content affects the performance of Raflaamo newsletter?*

This research question was formulated based on the results of Gap analysis on Raflaamo newsletter and literature on digital marketing and data-driven marketing. The literature suggested that the personalization of content can help boosting response by providing a personalized experience to the customers (Chaffey & Smith 2017a, 480-482).

Furthermore, the literature also argued that a dynamic content email, which is customized based on rules or real-time content will enhance relevance and response (Chaffey & Ellis-Chadwick 2019, 260). Thus, personalization of content was selected as the independent variable to be tested in the experiment of Raflaamo newsletter.

As described in chapter 3, effectiveness included both email performance of the newsletter and the online behaviour of the subscribers on website. The results of the experiment indicated that in the A/B test, both CTOR of the email and Conversion Rate to the Raflaamo website were increased by the personalized content of Email B compared to

generic content of Email A. The quantitative analysis of statistical significance by calculating confidence intervals for both KPIs confirmed the validity of these results. Based on these findings, the personalization of content indeed improved the performance of Raflaamo newsletter. Conclusions of the findings will be discussed in the next chapter.

### **7.3 Validity and reliability**

This sub-chapter examines the validity of this study. The chosen qualitative and quantitative research, data collection and analysis methods will be evaluated in terms of the validity and reliability of the results. The relevance of the study is one of the aspects of validity in qualitative research, which constitutes the expectation of meaningfulness and usefulness of the study for both the researcher and the readers. It is salient in public relations and marketing communications that the study provides solutions for the problems of the practitioners in the field. (Daymon & Holloway 2002, 92.) This thesis work meets the expectations by providing solutions for improving performance, customer experience, and overall effectiveness of email marketing using personalization.

Moreover, evaluating qualitative research requires a researcher to scrutinize it in terms of subjectivity, reasoning, and process. According to Daymon and Holloway (2002, 89) researchers are obliged to examine and note their own objectivity and openly acknowledge its impact on the research. The Gap analysis of Raflaamo newsletter was subject to the bias of the author as the analysis was conducted based on both literature and practice, namely author's own experience as a digital marketing specialist. The expertise of the author in the field of marketing automation and being partial to the importance of data-driven marketing and personalization for email marketing affected the results of the Gap analysis of Raflaamo newsletter.

The external validity of qualitative research involves a type of generalization called 'theory-based generalization'. This means ensuring that the findings of the study are related to the literature in order to arrive any theoretical propositions or concepts. Thus, by reading the findings of the study readers are able to make connections to their own settings and theoretical ideas can be confirmed in other sites or situations by other researchers using qualitative or quantitative methods. (Daymon & Holloway 2002, 92.) This requirement was met by connecting the literature on digital marketing, data-driven marketing, and content marketing to the findings of the Gap analysis on Raflaamo newsletter through the concepts of personalization and customer experience.

Daymon and Holloway (2002, 90) suggest that reliability of qualitative research can be achieved by setting up an audit trail or a 'decision trail' which means recording the data,

methods, and decisions that the researcher has made during the project. According to Daymon and Holloway (2002, 90), by documenting all the decisions and steps that have been taken with an audit trail the researcher ensures that

- the same process can be followed by other researchers
- the readers are able to understand the decisions that have been made
- the quality of the study is indicated and established
- the entire study can be evaluated against it.

The author of this study has ensured that the entire study can be evaluated against the audit trail because the process of the Gap analysis of Raflaamo newsletter can be replicated by other researchers, the reasoning behind the decisions that the author has made is understandable in a way that indicates and establishes the quality of the study.

Experiment was chosen as the quantitative research method of the study to prove the effect of personalized content on the performance of the Raflaamo newsletter. The strength of the method arises from its ability to provide sound evidence on the discovered effect of the given independent variable. Experiment can be replicated, and its validity can be confirmed by conducting the same experiment by other researchers. Moreover, cause-and-effect relationships can also be over-emphasized by the design of the experiment. (Berger 2016, 323-24.) The experiment on Raflaamo newsletter can be replicated, and thus other researches can conduct the same experiment in order to confirm the results.

In addition, external events of the experiment can have an effect on the response if they occur simultaneously with the experiment (Ghauri & Grønhaug 2010, 64). The Covid-19 pandemic, that restricted both restaurant operations and customers' restaurant visits, occurred at the same time as the experiment was conducted which could have affected the response of the A/B test used as a data collection method for the experiment. These drawbacks can be tackled in the experimental design, which key purpose is as Ghauri and Grønhaug (2010, 63) suggest, "to isolate and estimate the effect(s) of potential cause(s)." This basic idea of the experiment aims to ensure the validity of the results.

There are several other reasons, why the experiment can be considered as a strong design. The treatment (cause) can be manipulated before and after measurement to identify covariation between cause and effect (Ghauri & Grønhaug 2010, 63). Since January's Raflaamo newsletter was not comparable to February's A/B test emails of Raflaamo newsletter, the pre-test could not be conducted to identify the covariation between cause and effect. However, using A/B test for data collection for the experiment ensured that the experimental group and the control group could be compared against each other in terms of the KPIs of A and B versions of Raflaamo newsletter.



In addition, time order which means treatment (cause) precedes effect, can be determined in the experiment (Ghauri & Grønhaug 2010, 63). This requirement was met in the experiment, as the higher KPIs in comparison to the control group occurred after the personalized content (treatment) was introduced to the experimental group in the A/B test of Raflaamo newsletter. Also, in a strong design, the effect of other explanations can be ruled out with some confidence with randomization of the sample (Ghauri & Grønhaug 2010, 63). The sampling was conducted accordingly, as the individual subscribers of Raflaamo newsletter were split to the experimental group and the control group randomly based on their place of residence.

Furthermore, A/B tests and experiments protect us against the 'confirmation bias', which can make us see patterns in behaviours and data that confirm our pre-existing notions and mitigate the risk of investing limited time and company resources on unconfirmed presumptions (King et al. 2017, Chapter 2). Data for the experiment was collected with the A/B test executed in the Salesforce Marketing Cloud marketing automation system which significantly reduced the risk of human error and increased the reliability of the measurement. However, there was still a possibility of the author making a mistake in operating the A/B test in the marketing automation system or in calculating the Confidence Intervals for the KPIs of the A/B test and thus affecting the results of the experiment.

## 8 Conclusions

This chapter will discuss the findings of the previous chapter and draw conclusions based on these findings on the experiment along with the Gap analysis which will prove the hypotheses of this study and development project. Also, this thesis will give recommendations for further development of Raflaamo newsletter and email marketing of SOK Mara hospitality business and suggestions for further studies on this topic.

Gap analysis of Raflaamo newsletter was conducted to study the effects of data-driven marketing on the customer experience of email marketing to prove hypothesis 1:

*H1. Advanced personalization of emails with various types of customer data increases the relevance of content, thus enhancing the overall customer experience of email marketing.*

The Gap analysis revealed the key factors that enable data-driven marketing to close the performance gap and help enhance the overall customer experience of email marketing. The higher relevance of content can be achieved by advanced personalization based on combination of various customer data S Group has to offer and different applications of AI, such as predictive modelling. Using advanced personalization, subscribers of Raflaamo newsletter can, for example, receive personalized recommendations of dishes to try or restaurants to visit based on their previous restaurant purchases and behaviour on Raflaamo website or predictive customer behaviour based on modelling of customer data.

Moreover, based on the literature, Raflaamo's website and newsletter with separate landing pages for the offers and other marketing content should form a unified and consistent customer experience. Hence, Raflaamo newsletter should be considered as an extension of the whole restaurant customer journey, rather than an isolated operation and a collection of separate marketing activities of S Group's restaurants. The use of marketing automation can help achieve consistency of customer experience throughout the customer journey from the personalized email content in Raflaamo newsletter to the dedicated landing page on Raflaamo website.

The experiment on Raflaamo newsletter was conducted to study the effects of personalized content on email performance in order to prove hypothesis 2:

*H2. Personalized content will lead to higher CTOR and Conversion Rate to the Raflaamo website than generic content in Raflaamo newsletter.*

Based on the findings the hypothesis 2 was proved as the personalized content did in fact lead to higher CTOR and Conversion Rate to Raflaamo website than the generic content.

The content on local restaurant offering, such as co-operative's restaurant offers and other promotions, can be considered as valuable content, which is both relevant and useful information to the subscribers of Raflaamo newsletter, and thus more interesting than the usual generic content. The relevant restaurant content combined with the use of S Group's customer data such as the place of residence of individual subscribers enable personalized email marketing, which improves overall customer experience of Raflaamo newsletter.

The higher relevance of email content and better overall customer experience helps engage the subscribers of Raflaamo newsletter and generate more traffic to Raflaamo website which leads to higher conversion to website. Ultimately, the better performance of Raflaamo newsletter and growing traffic to Raflaamo website translates into overall effectiveness of SOK Mara's email marketing. However, Raflaamo website needs to deliver once the customer enters the landing page. The customer experience must remain intact in order the visit to result to a conversion of table reservation. This is one of the key 'make-it-or-break-it' moments on the customer journey once a visitor on Raflaamo website books a table from a S Group's restaurant.

### **Recommendations to SOK Mara for further development of email marketing**

The findings of this thesis generated recommendations for further development of Raflaamo newsletter and email marketing SOK Mara hospitality business.

*The local restaurant content should be included in Raflaamo newsletter.*

Including the co-operative's own local restaurant offering means higher relevance of content for the subscribers of Raflaamo newsletter. The restaurant offering of their place of residence or the area of their regional co-operative is more meaningful and helpful to the subscriber than the generic nationwide content of chain restaurants. Personalized experience that is tailored based on location can be considered an effective way of optimizing beyond the 'average best' (Siroker et al. 2013, Chapter 13). Based on the findings of this study, the higher relevance of geographically personalized co-operative restaurant content to the customers will improve the performance of Raflaamo newsletter and the effectiveness of email marketing of SOK Mara's hospitality business.

*Email content in Raflaamo newsletter should be personalized based on S Group's customer data.*

Personalization of the email content in Raflaamo newsletter using the comprehensive customer data of S Group induces higher relevance of content and better customer

experience. This will help nurture customers' relationships with the restaurant brands and S Group and engage the customers with the means of personalized email marketing. Yang, Min, and Garza-Baker (2019, 407, 414) suggest that by making customers feel unique and valued, personalization helps cultivate intimate relationships, build customer loyalty, and affects positively customer satisfaction. The findings of this study led to the conclusion that there is a direct connection between personalization and performance of Raflaamo newsletter, which combined with better customer experience results in the improved effectiveness of email marketing.

*Predictive modelling should be employed in Raflaamo newsletter to give recommendations to the customers based on customer data.*

Based on the Gap analysis, the use of data-driven marketing and AI can help close the performance gap in email marketing of SOK Mara hospitality business. For example, predictive modelling is one of the applications of AI that can be used for sending out more relevant and contextual emails to generate response (Chaffey & Ellis-Chadwick 2019, 249). The advanced personalization will increase the relevance of restaurant content by giving recommendations on dishes and restaurants to the customers based on their customer data including their own purchases, preferences, and web behaviour.

For example, personalized recommendations to customers of what dishes from the menu to try next or where to eat next can be given based on predictive customer data. This kind of personalized content is both valuable and relevant to the individual customer which enhances the customer experience. Moreover, SOK MEDIA already has the necessary technical capabilities of digital marketing technology such as analytics and marketing automation to put this into practice and scale it, thus improving the effectiveness of Raflaamo newsletter and email marketing of SOK Mara hospitality business in general.

*Customer experience should be personalized and remain consistent throughout the digital customer journey.*

In order to make the most personalization, it should cover every touchpoint of the entire digital customer journey of Raflaamo newsletter subscribers for consistency and uniformity of the customer experience. The notion that the end-to-end customer experience is a top priority for digital marketers is also supported by the literature (Albee 2015, 63; 65). This means that the personalized experience of the subscriber needs to be consistent from their first decision to open Raflaamo newsletter to their last action to reserve a table on Raflaamo website. The customer experience should also be in-line with Raflaamo's brand whether on a newsletter or a landing page of the website.

*Email marketing should evolve into automated multichannel customer journeys.*

Raflaamo newsletter and email marketing can generate good results in terms of performance and customer experience, but only up to a point. In order to achieve great business results in SOK hospitality business, the overall effectiveness of digital marketing should be improved by deploying automated multichannel customer journeys with the help of marketing automation and customer data. These multichannel customer journeys could include the existing digital touchpoints such as display advertising, Raflaamo newsletter, social media advertising, S-mobiili push notifications, Raflaamo website, one-to-one email series, SMS messages, S-mobiili In-App messages etc.

Moreover, all these digital touchpoints and their content on the automated multichannel journey of a S Group's restaurant customer should be personalized based on customers' behavioural, purchase and predictive data. According to Buttle and Maklan (2019, 238) marketing automation combined with predictive modelling can determine in real-time "the next best action for individual customer at each stage of their customer journey". Thus, the effectiveness of the digital marketing can be maximized by optimizing the touchpoints and channels and personalizing the marketing messages and landing pages on the digital customer journey individually for each customer.

### **Reflection on thesis process, own learning and feedback**

Thesis work was divided into two parts. It was started in spring of 2020 by planning and defining theoretical framework and methodology for the study. Also, the experiment and A/B test of Raflaamo newsletter were designed provisionally. However, the thesis process was delayed by almost a year from its initial timetable due to Covid-19 pandemic in Finland. The A/B test of Raflaamo newsletter was originally scheduled to take place in March 2020. Because of the tight restrictions of hospitality business constituted by officials and their effects on the regional co-operatives and S Group restaurant operations, the A/B test was finally conducted in February 2021. The delay allowed the author to revise and adjust the theoretical framework and methodology of the thesis before moving on and conducting the study.

Thesis topic was very closely related to author's daily work as a marketing automation specialist in SOK Mara's digital marketing team. This made possible to dive deeper in the closely related concepts of customer experience, data-driven marketing, and particularly in her own area of expertise, personalization of content. Moreover, the author was able to read up on the possibilities of advanced personalized email marketing in a marketing automation system. Thesis work also offered an opportunity to the author to indirectly

influence both digital marketing and email marketing strategy of SOK Mara hospitality business. The findings of the thesis will be used for supporting the decision-making process about the future state of Raflaamo newsletter and its role in the overall digital marketing strategy of SOK Mara hospitality business.

Feedback from SOK Mara, the commissioner of this thesis and the case organization, S Group, was extremely positive in nature. The thesis and development work provided valuable insight about the benefits of personalized email marketing and data-driven marketing for more successful digital marketing both for SOK Mara and the entire S Group. The A/B test of Raflaamo newsletter and the pilot with selected co-operatives to include their local restaurant content in the emails generated findings that were invaluable for the SOK Mara hospitality business in discovering new ways to reach the regionally divided customer base during the Covid-19 pandemic. Moreover, the pilot provided additional information out of the scope on the processes and technologies of collecting and personalizing co-operative email content. This thesis also enriched and reinforced the shared substance knowledge base, know-how and development of email marketing and marketing automation operations of the whole of S Group.

### **Suggestions for further studies**

The findings of this study cannot be directly generalized in other business activities outside hospitality business because each branch of business operates within the limits of their own distinctive characteristics and operational environment. However, the principals and practices of data-driven marketing, content marketing and personalization can be applied to improve performance and customer experience of both email marketing and digital marketing activities in any branch of business. Nevertheless, this study focuses on giving suggestions for further studies on these topics in the context of hospitality business.

There are many intriguing and fruitful paths to explore and study further around these topics. The next path and natural continuation for this thesis would be to study the effects of advanced personalization in marketing automation based on behavioural, purchase and predictive customer data on the performance and customer experience of email marketing. The hospitality business is based on experiences, so recommending a new restaurant based on customer's previous visits or a couple of new, delicious dishes to try next visit on a customer's favourite restaurant based on predictive modelling could elevate the whole experience by making it personal, relevant and valuable to that customer.

Taking another path and a step further to make the most of digital marketing would include exploring the possibilities of automated multichannel customer journeys in

improving the performance of digital marketing. For example, during the stages of a restaurant customer journey, re-targeting the website visitors in social media, determining the next best action individually for each customer who visits a website, emailing a confirmation for a table reservation, sending a SMS reminder of that reservation, asking feedback, or motivating customers to make a new reservation after a restaurant visit by email. All of these activities combined could raise the bar higher in digital marketing.

Taking yet another path and combining these two topics together, would lead to study how the advanced personalization of valuable restaurant content applied to an automated multichannel customer journey can improve the overall effectiveness of digital marketing by enhancing both the customer experience and performance of the whole restaurant customer journey. For example, the digital customer journey of a S Group's repeat restaurant customer could look something like this:

1. Personalized offers from favourite restaurants and recommendations on dishes try next on Raflaamo newsletter based on previous purchases and predictive data.
2. Personalized landing pages on Raflaamo website and highlighting customer's personalized offers and recommended dishes matching the newsletter content.
3. Re-targeting on social media with table reservation content based on Raflaamo website behaviour from the restaurants which landing pages customer has visited.
4. Triggering a S-mobiili push notification with a personalized offer based on app's location data as the customer walks by one of their favourite restaurants.
5. Triggering an email confirmation for a table reservation with customer's reservation information when customer books a table.
6. After the visit, sending out a feedback request by email or SMS to review the restaurant with a personalized offer for the next visit attached.
7. Triggering a one-to-one email retention series and display advertising based on predictive modelling to persuade customer to make another restaurant visit.

Making the customer experience of a digital restaurant customer journey feel relevant, useful, inspiring, unique and personal in a way that the pathway is laid out just for you as a valued customer, fulfils the expectations of even the most demanding, digitally-oriented and tech savvy customers that are aware of the possibilities in digital marketing today and tomorrow.

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## **Appendices**

### **Appendix 1. Structure of the S Group (Intranet)**

Undisclosed

## **Appendix 2. Operating model of Targeted Customer Communications (Intranet)**

Undisclosed

# Appendix 3. A/B test performance analysis of Raflaamo newsletter

## Confidence intervals

$$p \pm 1.96 \sqrt{\frac{p(1-p)}{n}}$$

Square root with SQRT-function

95 % confidence level --> critical value is

**1.96**

Campaign Name	Send Date	Email Name	Deliveries, n	Unique Opens, n	Open Rate, p	Unique Clicks	Click Rate	CTOR, p
Raflaamo Uutiskirjeet	2021-02-16	202102_885_Raflaamo_b2c_UK_A_90005549	16 931	6 596	<b>38.96 %</b>	557	3.29 %	<b>8.44%</b>
		202102_885_Raflaamo_b2c_UK_B_90005549	17 712	6 925	<b>39.10 %</b>	689	3.89 %	<b>9.95%</b>
			<b>Open Rate, p</b>		Square root expression	Margin of error	Lower bound of confidence interval	Upper bound of confidence interval
		A			0,003747759	0,73 %	38,22 %	39,69 %
		B			0,003666361	0,72 %	38,58 %	39,82 %

Open Rate is between this with 95 % reliability  
 Open Rate is between this with 95 % reliability

**Confidence intervals overlap ergo differences are not statistically significant on 95 % confidence level**

A Confidence interval 38,96 % ± 0,73 % points  
 B Confidence interval 39,10 % ± 0,72 % points

CTOR, p	Square root expression	Margin of error	Lower bound of confidence interval	Upper bound of confidence interval
A	0,003423648	0,67 %	7,77 %	9,12 %
B	0,003596938	0,70 %	9,24 %	10,65 %

**Confidence intervals are separate ergo differences are statistically significant on 95 % confidence level**

A Confidence interval 8,44 % ± 0,67 % points  
 B Confidence interval 9,95 % ± 0,70 % points

CTOR is between this with 95 % reliability  
 CTOR is between this with 95 % reliability

# Appendix 4. A/B test performance analysis of Raflaamo website

## Confidence intervals

$$p \pm 1.96 \sqrt{\frac{p(1-p)}{n}}$$

Square root with SQRT-function

95 % confidence level --> critical value is

1,96

Campaign Name	Sessions, n	Unique Users	Conversion Rate to Website, p	Table Reservations	Conversion Rate of Table Reservations,
202102_885_raflaamo_b2c_uutiskirje_a_90000554	466	352	5,34 %	2	0,43 %
202102_885_raflaamo_b2c_uutiskirje_b_90000554	775	581	8,34 %	4	0,52 %
<b>Conversion Rate to Website, p</b>			<b>Square root expression</b>	<b>Margin of error</b>	<b>Lower bound of confidence interval</b>
A			0,002768303	0,54 %	4,80 %
B			0,003322485	0,65 %	7,69 %
					<b>Upper bound of confidence interval</b>
					5,88 %
					8,99 %

Conversion Rate to Website is between this with 95 % reliability  
 Conversion Rate to Website is between this with 95 % reliability  
**Confidence intervals are separate ergo differences are statistically significant on 95 % confidence level**  
 A Confidence interval 5,34 % ± 0,54 % points  
 B Confidence interval 8,34 % ± 0,65 % points

Conversion Rate of Table Reservations, p	Square root expression	Margin of error	Lower bound of confidence interval	Upper bound of confidence interval
A	0,003031137	0,59 %	-0,16 %	1,02 %
B	0,002583561	0,51 %	0,01 %	1,03 %

**Confidence intervals overlap ergo differences are not statistically significant on 95 % confidence level**  
 A Confidence interval 0,43 % ± 0,59 % points  
 B Confidence interval 0,52 % ± 0,51 % points