

Getting started with the course

Customer loyalty and rewards

- Video: Welcome to week 1  
39 sec
- Video: Introduction to customer loyalty  
4 min
- Video: Rewards programs  
6 min
- Video: Dynamic remarketing  
2 min
- Reading: Case study: How Wayfair uses email marketing for personalization  
20 min
- Practice Quiz: Test your knowledge: Loyalty, remarketing, and rewards  
4 questions

Develop client relationship management skills

Review: Introduction to satisfaction guaranteed: develop customer loyalty online

## Case study: How Wayfair uses email marketing for personalization

Email marketing is an effective way to connect with customers and build loyalty. Companies can use email marketing to attract new customers and keep in touch with existing customers. In this case study, you'll discover how e-commerce home retailer [Wayfair](#), headquartered in Boston, Massachusetts, uses email marketing to share information, drive sales, and build loyalty. You'll also learn how Wayfair uses email marketing for **personalization**, which is the practice of delivering a customized experience for each customer.



### Company background

Longtime friends Niraj Shah and Steve Conine started the online-only company in 2002 after deciding they wanted to offer a larger selection of choices to customers—more than could fit in a brick-and-mortar space. They started the company as a collection of more than 200 e-commerce stores, each selling separate categories of products. In 2011, the company combined these sites to establish wayfair.com.



Wayfair is now one of the world's largest home retailers. The company's goal is to help everyone, anywhere, create their feeling of home. It empowers customers to create spaces that reflect who they are, what they need, and what they value.

### The challenge

Email marketing is one of the core drivers for growth at Wayfair. In fact, it's the second largest marketing channel the company uses.

Wayfair's goal is to provide each of its customers with the content they need at just the right time in their shopping journey. The challenge is figuring out how to make this happen.

Because customers are at various points in their shopping journey—which means they're also in various stages of the marketing funnel—they need different types of content at different times. Sending the same emails to all customers doesn't provide a personalized experience.

Some customers might be hesitant to purchase furniture online or buy from a company that's new to them. They're in the awareness stage of the marketing funnel.

Other customers might be researching products but are not ready to buy yet. They're in the consideration stage of the funnel.

Another group of customers might have made a purchase recently but realize they need an accessory that goes with the product they just bought. They've moved through the conversion stage and reached the loyalty stage, where they decide to become a repeat customer.

Since each group of customers is in a different stage of the marketing funnel, Wayfair customizes its email campaigns to fit each group's needs.

### The approach

Wayfair's email marketing campaigns aren't a one-size-fits-all approach. They focus on personalization by sending the content that customers want at the times they want to receive it.

The company's email strategy is based on where customers are in the shopping journey:

- A new customer might receive a welcome email that introduces the company and highlights a variety of product categories the customer might be interested in.
- A customer who recently visited the site might receive an email that features several products or categories the customer viewed while browsing the site.
- A customer who recently made a purchase might later receive an email that features related products or accessories. For example, if the customer bought an area rug, they might receive recommendations for a pad that goes under the rug.
- A customer who hasn't visited the site in a while might receive an email with inspirational content and ideas to help them create a space that feels like home.

Below is an example of content sent to new email subscribers. The email has the subject line **Welcome home!** The email's body introduces Wayfair and makes it easy to shop for a variety of the company's products. Recipients simply click **Start Shopping**.



### The results

Using machine learning, the company tests ways to improve and personalize the product recommendations in its emails. This approach allows Wayfair to test a campaign, evaluate what works and what doesn't, and then make changes based on the results.

The personalization strategy for product recommendations was successful when the customer had purchased or viewed products recently. However, the longer it had been since the customer visited the site, the less effective these emails became. Both the content and timing of these emails were critical to their success.

The company also used testing to confirm that subject lines make a big difference in its email marketing campaigns. The subject lines that performed best were the ones that most closely matched the content included in the email. For promotional emails, calling out the promotion or discount in the subject line was highly effective. For example, if the body of an email contains the offer below, the subject line could be **Save \$20 on your next Wayfair purchase of \$100 or more**.



**ENJOY \$20 OFF  
YOUR WAYFAIR PURCHASE  
OF \$100 OR MORE.**

The company also found that a smooth and delightful checkout and delivery process is more impactful than anything the company could include in its emails. If customers don't have a good experience with their purchase, the company tries to make up for it by sending an email that offers a discount on the customer's next purchase. The results from this email campaign have been highly successful, with about 50% of these customers returning to make another purchase.

### Conclusion

As Wayfair's story illustrates, providing a personalized experience to the customer can make a significant impact on connecting with customers and building loyalty. As you gain experience in the field of digital marketing and e-commerce, you'll find that testing your ideas, experimenting with what works and what doesn't, and applying the results are the keys to refining your marketing strategy.

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