

Best Practices in Email Marketing

# Special Report: How Daily Deal Sites Capitalize On Email Marketing

The who, what, when, where and why to email success for flash sale and group buying sites

PUBLISHED BY

**US HEADQUARTERS**

StrongMail Systems, Inc.  
1300 Island Drive, Suite 200  
Redwood City, CA 94065  
P: +1 (650) 421-4200  
F: +1 (650) 421-4201

**UK HEADQUARTERS**

StrongMail Systems UK Ltd.  
Atlantic House  
Imperial Way  
Reading  
RG2 0TD  
United Kingdom  
P: +44 (0) 118 903 6068

**APAC Headquarters**

XCOM Media  
Unit 1  
15 Lamington Street  
New Farm  
Queensland 4005  
Australia  
P: +61 7 3666 0544

Copyright © 2012 StrongMail Systems, Inc. All rights reserved.

No part of the contents of this publication may be reproduced or transmitted in any form or by any means without the written permission of StrongMail Systems, Inc.

STRONGMAIL and the STRONGMAIL logo are registered trademarks in the United States, other countries or both. All Rights Reserved.

StrongMail Systems UK, Ltd is a company registered in England and Wales at 5 New Street Square, London EC4A 3TW. Reg. No. 6398867. VAT # GB 925 07 6228. Trading Address: Atlantic House, Imperial Way, Reading, RG2 0TD, United Kingdom.

# Table of Contents

<b>INTRODUCTION .....</b>	<b>1</b>
<b>WHAT'S THE DIFFERENCE? .....</b>	<b>2</b>
<b>GROUP BUYING.....</b>	<b>2</b>
<i>GROUPON.....</i>	<i>3</i>
<i>LIVINGSOCIAL.....</i>	<i>5</i>
<i>GOOGLE OFFERS.....</i>	<i>7</i>
<i>DEALSWARM.....</i>	<i>9</i>
<b>FLASH SALES .....</b>	<b>11</b>
<i>ZULILY .....</i>	<i>12</i>
<i>RUE LA LA .....</i>	<i>14</i>
<i>HAUTELOOK.....</i>	<i>16</i>
<i>IDEELI.....</i>	<i>18</i>
<i>GILT GROUPE .....</i>	<i>20</i>
<b>THE BOTTOM LINE.....</b>	<b>22</b>
<b>THE DAILY DEAL EMAIL MARKETING CHECKLIST.....</b>	<b>22</b>
<b>ABOUT STRONGMAIL.....</b>	<b>23</b>

## INTRODUCTION

The one thing that is constant for an online marketer is change, or better said – evolution. We are always looking for new ways to drive revenue effectively and efficiently. And while group buying and flash sale sites have been cropping up for years, the concept has finally taken hold with significant consumer adoption. Daily deal aggregator Yipit is tracking more than 650 daily deal sites in the U.S. alone as of August 2011. When Experian Hitwise compared traffic in August 2011 with August 2010, U.S. visits to group-buying sites were up 163%. Similarly, visits to flash sale sites reached 40.6 million in July, up 109% compared with the same month in 2010, and 368% compared with July 2009.

What is driving this boom? The phenomena could be directly tied to increased ease of comfort by many to purchase online, our renewed sense for frugality in an unstable economy, or the certain thrill in getting a last-minute good deal; whatever the reason, more consumers than ever before are taking advantage of this new way to buy. According to media research firm BIA/Kelsey, the group buying industry alone drove around \$873 million in revenue in 2010 and is forecasted to grow to nearly a \$4 billion business by 2015. Flash sale sites raked in \$1 billion in 2010 according to comScore and the same BIA/Kelsey forecast anticipates growth to reach \$6 billion in 2015. But how are marketers spreading the word, acquiring customers and driving that adoption? While there is some offline marketing and branding happening, the ultimate workhorse for all of these daily deal companies is email.

Email is the backbone for group buying sites such as Groupon and LivingSocial as well as flash sale businesses like HauteLook, ideeli, Rue La La and Gilt Groupe. It is the mechanism they all use to deliver relevant and timely offers to consumers. But with little barrier to entry and growing competition, how can they get the most out of the email channel and really stand out in the inbox?

StrongMail currently services a growing number of successful daily deal sites, offering a uniquely powerful delivery platform and expert agency services to them. After having spent significant time analyzing this space, StrongMail experts have taken everything they know about retail and daily deals and married it to their extensive email expertise to create this special report. The pages that follow provide actionable, tactical advice for flash sale and group buying companies to drive the most out of their email programs and effectively stand out in the inbox.

---

<sup>1</sup> BIA/Kelsey, "Deal-a-Day Forecast (2010-2015)," March 2011

<sup>2</sup> CNNMoney, "Flash sale sites spark billion-dollar industry," May 26, 2011

## WHAT'S THE DIFFERENCE?

For consumers, flash sale and group buying sites are often viewed as very similar businesses. The value proposition is ultimately the same – it is a site they can visit to get what they need (or want) for a deep discount. While the bargain hunter may see them as the same, the business models and challenges can be vastly different. In essence, flash sale sites operate limited time, limited sales that are largely designed to clear out excessive inventory or last season's merchandise. Group buying sites operate by partnering with businesses to offer a deep discount with a common condition that a pre-determined number of individuals take advantage of the deal. The idea is to expose the business to new customers and hopefully mitigate the discounts with increased volume and repeat business.

Given the disparity of both business models, we have divided our research into two distinct sections and evaluated like-brands for a true competitive comparison. Our team scoured hundreds of sites and brands as part of the content gathering process, and while flash sale sites seem to have some of the most passionate members, the competitive set for group buying is astounding.

After reviewing the competitive landscape, we chose nine examples to demonstrate what these brands are doing to achieve success with their email, what they can improve, and the fundamental learnings that daily deal companies can apply to get the most out of the email channel.

## GROUP BUYING

While the practice of group buying sites can be traced back online to the late 1990's, it really emerged as a viable business model around 2004 with the introduction of Woot. But the momentum and mass adoption had been slow – until the emergence of Groupon. In 2008, Groupon entered the scene and the marketplace erupted with brands offering national reach, such as LivingSocial and those with smaller, more localized footprints, such as DealSwarm.

What is so unique about this business model is that it benefits large and small businesses alike – driving traffic and awareness to local establishments at an affordable rate. According to the 2011 Social Commerce Study the majority of shoppers surveyed tend to purchase non-traditional retail items via group buying sites, including food and drinks, entertainment and personal care items. However, there is some question around how effective these offers are to the businesses themselves and the long-term viability of group buying is getting mixed reviews. Whereas Groupon claims that 95% of their merchants want to run another discount, a study by Rice University pegs that number at only 58%. Many merchants complain that the traffic driven by Groupon consists of bargain hunters who only use the value of the discount, and aren't predisposed to becoming a long-term customer. Success is a matter of delivering the right combination of offer and product to the right customer.

This industry must serve two masters in order to maintain success and viability – the consumer and the businesses that advertise. If the consumer is not receiving relevant, timely offers, they may disengage over the long run. Similarly, if the businesses are not seeing a positive ROI, they will vanish as well. In the end, there is a delicate balance between quality and quantity. Through this research, the most notable areas of opportunity for the email programs were focused around this concept – and while some are starting to get it, there is still plenty of room for improvement.

In the following group buying section, see what Groupon, LivingSocial and Google Offers are doing with their email to drive success and differentiate themselves in the inbox. We will also look at what they could be doing to drive increased success out of their most valuable asset – the opt-in database.

---

<sup>3</sup>Shop.org, comScore and Social Shopping Labs, "2011 Social Commerce Study," May 2011

<sup>4</sup>New York Times, "Would Your Business Use Groupon Again?" December 2010

# GROUPON

## WHAT IT IS

Groupon started as a side project to The Point, which launched a year prior in 2007. Groupon features a daily deal on the best things to do, see, eat and buy in 43 countries. To help those urban residents take advantage of all there is to offer, Groupon was born and has been a force to reckon with ever since. Groupon has brought the concept of group buying to fruition in a way that is upfront and obvious. Because it was the first player to dominate this space, it has earned tremendous brand equity, providing it with 53% market share in the daily deals space, followed by Living Social as a distant second at 20%<sup>5</sup>.

## WHAT WORKS

Groupon shot out of the gate quickly as the model that most group buying organizations are looking to emulate. Having laid the groundwork for this form of daily deals, Groupon has also been quick to identify opportunities for differentiation, including the introduction of its Rewards program, "Groupon Rewards." They also include a managed preference center where users can specify their favorite types of deals and provide other demographic details to create a more custom and relevant experience for each subscriber.

Being first to market (successfully) has its advantages – and having great copy writing and a witty brand doesn't hurt either. But the best thing that Groupon has going for it right now is its welcome message.

Not only does Groupon welcome the new subscriber, they also provide the ability to take three mutually beneficial actions: 1) tell your friends about Groupon, 2) provide preference information for the deals you want to see most and 3) the ability to tell Groupon who you would like to see deals from.

Including a mechanism within the email for Groupon customers to have a voice makes it a two-way communication. Instead of talking "at" the new subscribers, they are establishing rapport and conversation.

## OPTIMIZING FURTHER

Unfortunately, many daily deal organizations have become comfortable with a rudimentary batch-and-blast approach to get the offers into market, fast. While Groupon offers a preference center allowing subscribers to provide details around content they would like, it is not an innate part of the subscription process and offers no real drive to complete the information. It is also unclear whether or not Groupon actually uses this information to improve their offer targeting. A number of consumers have complained on Twitter that Groupon uses this information sparingly (if at all), with common complaints coming from men receiving deals for facials or waxing. If you're going to collect data, it's important to use it in a way that's relevant and obvious to the consumer. Don't set expectations for something you aren't going to be able to deliver.

Groupon should also consider expanding on their referral program to allow subscribers to earn rewards for behaviors that are going to make the experience more relevant – like updating preferences, recommending businesses or writing reviews once a daily deal has been redeemed. Not only will this minimize attrition due to irrelevant offers, but it also encourages behaviors that are indicative of brand advocates.



*Being first to market (successfully) has its advantages – and having great copy writing and a witty brand doesn't hurt either. But the best thing that Groupon has going for it right now is its welcome message.*

<sup>5</sup>Wall Street Journal, "Groupon Grabs Market Share from LivingSocial," September 12, 2011

## THE BOTTOM LINE

Relevance is more than providing limited time offers – it is about getting the right offer to the right person at the right time. All are equally important. Be mindful to make your daily deals as relevant as possible, otherwise you may find yourself with high levels of disengagement.

# GROUPON

**GROUPON**

**Welcome to Groupon!**  
Every morning, you'll find one exclusive deal waiting in your inbox. We can't wait to help you discover huge discounts on all the cool things to do in your city.

**Refer A Friend**  
Get \$10 Groupon bucks

**Set Your Preferences**  
We'll refine your deals based on your location and interests.

**Suggest a Business**  
and get your favorites on Groupon

...and don't forget to keep in touch:

**Get Your App On**  
The Groupon Mobile App is now available for iPhone™ and Android™

Get ready  
**50% - 90% off**  
the best in your city:

- ✓ Restaurants
- ✓ Spas
- ✓ Activities
- ✓ Events
- ✓ Classes

[See more recent deals](#)

What our **over 20 million customers** are saying about Groupon:

“Groupon you are beyond awesome. You are the first e-mail I check everyday outside of work e-mail, I do have to pace myself however and fight the urge to NOT buy everything that comes up.”  
Missy Y, Yelp.com

“Hi. My name is Nektaria and I'm addicted to Groupon.”  
Nektaria R, Yelp.com

[See more Groupon buzz](#)

**Thanks!**

We hope you have as much fun using Groupon as we have working on it. And we crave your feedback: [email us](#) or call **(877) 788-7858**, where we have real humans who would love to speak with you.

Sincerely,  
**The Groupon Team**  
[www.groupon.com](http://www.groupon.com)

Need help? Have feedback? Feel free to [Contact Us](#)

Properly set expectations

Encourage evangelism to acquire new customers

Solicit input from your audience

Request preferences, but remember to deliver on them

Restate the value that they are going to receive

# LIVINGSOCIAL

## WHAT IT IS

LivingSocial is the second-largest daily deal company with 32 million members in the U.S. and 43 million worldwide. Based in Washington, DC, LivingSocial offered its first deal in July 2009. Today, LivingSocial operates in 575 daily deal markets, supported by more than 3,500 employees, making it the fastest-growing company in the social-buying category.

While Groupon is the de facto leader in group buying, LivingSocial seems to take an Avis-style “we try harder” approach that focuses on excellent service for both merchants and consumers alike. LivingSocial cites innovation and imagination as the qualities that have made it the fastest-growing company in the social-buying category. Offering discounts on everything from manicures to your local greasy-spoon, LivingSocial specializes in delivering “handpicked experiences that can be shared with friends.” LivingSocial also operates LivingSocial Escapes, which member have used to book more than 455,000 room nights for their vacation packages.

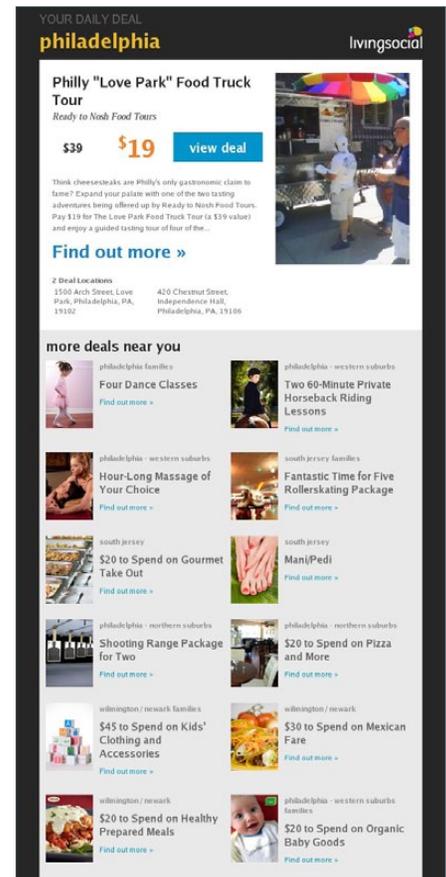
## WHAT WORKS

LivingSocial truly injects the idea of socialization in their offers. Instead of encouraging their subscriber base to share their brand and earn points or credits, they include a reward for sharing each offer if your friends take you up on your recommendation. If you buy the deal of the day, share it and then three of your friends take advantage of the deal, you get it free.

There’s one daily deal offered in “my” area, plus other nearby deals are available for perusal. As indicated by their name, they continue to encourage the ‘living social’ moniker by making available Adventures and Escapes that you and your friends can take advantage of too. One smart marketing move they’ve made is offering their customers the opportunity to subscribe to topically relevant email communications uniquely. By allowing individual subscription management for Daily Deals, Escapes and Adventures, it puts the customer in control of what they are receiving – and it allows LivingSocial to create a unique experience for each customer as it relates to these subscription options.

## OPTIMIZING FURTHER

Beyond location and general topicality, there is no way for members to report their preferences in offers, deals, destinations, etc. A big miss for most group buying sites continues to be relevance and providing the customer with an opportunity to self-report their interests, which is necessary for long-term success. Leveraging behavioral data is another opportunity for daily deal marketers to increase subscriber relevance and engagement, but one that should be approached with caution. While some brands are beginning to leverage behavioral information to improve their targeting, behavioral data isn’t necessarily accurate. For example, data could be skewed by members shopping for a friend or family member. Therefore, specified preferences should be weighted more heavily than behavioral preferences. Daily deal sites should also make it a priority to develop compelling reengagement campaigns to winback inactive users. For the first part of 2011, LivingSocial had steadily won market share from Groupon, but the trend has reversed for July and August. By developing and sending a creative winback campaign to customers who haven’t purchased in a set period of time, LivingSocial could start etching away again at Groupon’s leadership position. Executed properly, a successful winback campaign will not just drive new purchases, but also reiterate the advantages that the daily deal site offers over their competitors.



*LivingSocial truly injects the idea of socialization in their offers. Instead of encouraging their subscriber base to share their brand and earn points or credits, they include a reward for sharing each offer if your friends take you up on your recommendation.*

## THE BOTTOM LINE

Relevant content is king. Enabling dynamic offer serving as a result of both self-reported and behavioral information will garner the greatest successes.

YOUR DAILY DEAL

## philadelphia

livingsocial

### Philly "Love Park" Food Truck Tour

*Ready to Nosh Food Tours*

\$39
\$19

view deal

Think cheesesteaks are Philly's only gastronomic claim to fame? Expand your palate with one of the two tasting adventures being offered up by Ready to Nosh Food Tours. Pay \$19 for The Love Park Food Truck Tour (a \$39 value) and enjoy a guided tasting tour of four of the...

[Find out more »](#)

**2 Deal Locations**

1500 Arch Street, Love Park, Philadelphia, PA, 19102

420 Chestnut Street, Independence Hall, Philadelphia, PA, 19106



**more deals near you**



philadelphia families

**Four Dance Classes**

[Find out more »](#)



philadelphia - western suburbs

**Two 60-Minute Private Horseback Riding Lessons**

[Find out more »](#)



philadelphia - western suburbs

**Hour-Long Massage of Your Choice**

[Find out more »](#)



south jersey families

**Fantastic Time for Five Rollerskating Package**

[Find out more »](#)



south jersey

**\$20 to Spend on Gourmet Take Out**

[Find out more »](#)



south jersey

**Mani/Pedi**

[Find out more »](#)

## 365 things to do

#351

Best independent cup of coffee?

[See our pick »](#)



**love what you do**

We're hiring everywhere. Check out our jobs page!



**just for families!**

Want to explore the city with your kids? Sign up for LivingSocial Family Edition and we'll send you deals just for the family.

Ensure that your deals are local and targeted

Feature clear calls to actions for both conversion and learning more

Offering additional local deals expands opportunities for conversion

Linking to relevant editorial content can drive opportunities for website conversion

6 | How Daily Deal Sites Capitalize On Email Marketing. Copyright © 2012 StrongMail Systems, Inc. All rights reserved. SM-CX20612

# GOOGLE OFFERS

## WHAT IT IS

Google Offers is currently in a Beta release and only available in select markets. After Groupon passed up a \$5 - 6 billion acquisition bid from Google<sup>6</sup>, they decided to build their own offering and enter the daily deals market. Google launched the Google Offers website in January 2011, and as of September 2011 is serves 8 markets, including Portland, OR; San Francisco, CA; New York, NY; Austin, TX; Boston, MA; Washington, DC; Denver, CO; and Seattle, WA.

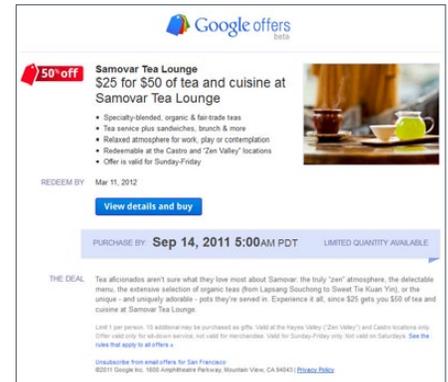
Like Groupon, Google Offers serves up daily deals for local businesses that can be purchased during a 24-hour window, but unlike Groupon, Google Offers honors the deals regardless of how many people sign up. Facebook attempted to enter the group buying market around the same time as Google Offers and has subsequently folded, leaving Amazon (via a partnership with Living Social) and Google as the two late entrants to watch in the group buying space. And Google Offers is struggling. According to Yipit<sup>7</sup>, Google Offers has seen participation dip in its three major markets of New York, San Francisco and Portland. Additionally, Google Offers' revenue has dipped by nearly a quarter – even with a similar percentage increase in the number of deals it has run.

## WHAT WORKS

One of the helpful features of Google Offers is allowing consumers to sign up for offers for more than one location. Google has become a staple for businesses and individuals alike and allowing subscribers to receive offers from multiple locations, simply and easily, provides tangible benefits for consumers who travel a lot or that live near multiple metropolitan areas. With its clean layout that emphasizes simplicity and white space, the Google Offers daily email clearly reflects the parent brand. The minimalist approach also brings extra emphasis to the call-to-action button, which is placed above the fold for scroll-free clicking. Finally, the timeframe for claiming the deal is given prominent attention, bringing an urgency to the offer.

## OPTIMIZING FURTHER

If you are going to allow customers to subscribe to different geographical or topical offers, then you should allow them to decide whether they prefer to receive them individually or via a digested, daily communication. The offers that are sent are designed to provide great value to the consumer – the email messages should as well.



*If you are going to allow customers to subscribe to different geographical or topical offers, then you should allow them to decide whether they prefer to receive them individually or via a digested, daily communication.*

<sup>6</sup>New York Times, "Groupon Said to Reject Google's Offer," December 3, 2010

<sup>7</sup>Reuters, "Google Offers struggling three months in: report," September 12, 2011

## THE BOTTOM LINE

Allow the customer to dictate how the content should be delivered. Give them the option to receive multiple, individual communications or an all-inclusive message. It is a personal choice, and one you should give your customers for maximum effect.

# GOOGLE OFFERS



**50% off** • **Samovar Tea Lounge**  
**\$25 for \$50 of tea and cuisine at Samovar Tea Lounge**

- Specialty-blended, organic & fair-trade teas
- Tea service plus sandwiches, brunch & more
- Relaxed atmosphere for work, play or contemplation
- Redeemable at the Castro and "Zen Valley" locations
- Offer is valid for Sunday-Friday

REDEEM BY Mar 11, 2012

[View details and buy](#)

PURCHASE BY: **Sep 14, 2011 5:00AM PDT** • LIMITED QUANTITY AVAILABLE

THE DEAL Tea aficionados aren't sure what they love most about Samovar: the truly "zen" atmosphere, the delectable menu, the extensive selection of organic teas (from Lapsang Souchong to Sweet Tie Kuan Yin), or the unique - and uniquely adorable - pots they're served in. Experience it all, since \$25 gets you \$50 of tea and cuisine at Samovar Tea Lounge.

Limit 1 per person. 10 additional may be purchased as gifts. Valid at the Hayes Valley ("Zen Valley") and Castro locations only. Offer valid only for sit-down service; not valid for merchandise. Valid for Sunday-Friday only. Not valid on Saturdays. [See the rules that apply to all offers](#)

[Unsubscribe from email offers for San Francisco](#)  
©2011 Google Inc. 1600 Amphitheatre Parkway, Mountain View, CA 94043 | [Privacy Policy](#)

Clearly labeling offer value aids in conversion

Clean and minimalist template makes call to action highly visible

Highlighting expiration date creates a sense of urgency

Google Offers should consider enabling customers to aggregate multiple local offers in one email

# DEALSWARM

## WHAT IT IS

Launched in 2010, DealSwarm is owned and operated by Cox Media Group, which itself is a subsidiary of Cox Enterprises, an integrated broadcasting, publishing and digital media company with \$1.8 billion in annual revenues. The site launched in Atlanta, where the company has its roots, and has since rolled out to handful of other markets, including Austin, Dayton, Seattle, Tampa and Tulsa.

DealSwarm facilitates the connection of local consumers with local business. With Cox's extensive reach and advertising contingency, including its ValPak brand, it was a natural bid into the business of group buying and daily deals.

## WHAT WORKS

As a media business, Cox has been able to leverage its existing relationships with local advertisers to extend their offering to daily deals as a way to enhance the advertising relationship while bringing great deals to local consumers. Adding value to their email subscriber base through the DealSwarm moniker creates new and interesting opportunities for their email program to build relationships within the community – and since email is a relationship channel – it couldn't make better sense. The daily email does a good job showcasing the value of the main deal with clear savings next to compelling imagery. The template also features ancillary deals below the fold to give members additional value.

## OPTIMIZING FURTHER

While the relevance of your message is paramount to its success – the aesthetics are important as well. Before you hit the send button, make sure all the images are rendering appropriately in popular email clients and validate the spacing of the copy. And while there is a lot of information to convey, presenting email to recipients with too much copy can deter them from engaging.

The screenshot shows an email deal from DealSwarm. At the top, the DealSwarm logo is on the left, and social media icons for Facebook and Twitter are on the right. The main headline reads "Today's Deal: Sleep/Dine in a former White House and Camp David Chef's Bed & Breakfast". Below this is a large image of a white, two-story house. To the right of the image, the price "\$296" is prominently displayed, with a "Value" of "\$546" and a "Discount" of "46%". Below the main deal, there are two sections for "Other Great Deals". The first is "75% Off 12 Week Interactive Weight Loss Program" with a "view deal" button. The second is "\$65 for a Bus Bay Collection 7-8mm 18 inch Authentic Pearl Necklace" with a "view deal" button. The bottom of the email contains fine print and a "view deal" button for a winery tour.

*As a media business, Cox has been able to leverage its existing relationships with local advertisers to extend their offering to daily deals as a way to enhance the advertising relationship while bringing great deals to local consumers.*

## THE BOTTOM LINE

Keep it simple. Recipients don't read email – they scan it. You have about 3 to 7 seconds to convey your message in its totality before the reader is on to the next message or task. Be sure to use good spacing, headlines and bullets, otherwise your message may be overlooked – no matter how relevant it was.



Follow us:  

## Today's Deal: Sleep/Dine in a former White House and Camp David Chef's Bed & Breakfast



# \$296

Get today's deal now!

Value <b>\$546</b>	Discount <b>46%</b>
-----------------------	------------------------

### Details

From machine guns in the kitchen with Secret Service agents or Jon Bon Jovi making jokes with Sophia Loren in the state dining room to the *Designated Secret Taster* down in the basement who eats the Commander in Chief's meal always one hour before it is served, a host of myths and mysteries will be dissolved or confirmed when you DINE, SLEEP & TOUR at **The Presidential Culinary Mini-Museum**.

Located inside of **The Inn of the Patriots**, this hidden gem is in the town named after the President of the United States in Grover, Cleveland County, North Carolina. Welcoming you are Chefs Marti and Stormy Mongiello along with three other Chefs on staff of Amanda, Kim and Glenda). Marti stirred things up in the President's Cabinet as the Executive Chef to the President at Camp David while his wife, Stormy, is the Curator at the Presidential Culinary Museum. The many chefs will be cooking breakfast for you each day of your stay! It's not often that Chefs from The Presidential Culinary Mini-Museum bring breakfast in bed...but you do deserve the best, don't you?!

The multi-award winning (*voted Best of the South for 2011*) colonial setting and celebrity chefs make for a wonderful, magical getaway unlike any you have ever experienced before. You'll find this four star, laid back, casual colonial mansion just southwest of Charlotte, NC in the countryside, a very short jaunt from interstate 85.

Become a King or Queen and enjoy strawberries and chocolate in your room, a tour for two (1 1/2 hours long) at the Presidential Culinary Museum, a wine tasting and tour for two at **Baker Buffalo Creek Winery and Vineyard**, a gourmet breakfast for two each and every morning as well as a delicious

### Other Great Deals

**75% Off 12 Week Interactive Weight Loss Program**



[view deal](#)

**\$65 for a Bua Bay Collection 7-8mm 18 inch Authentic Pearl Necklace**



[view deal](#)

**The Inn Of The Patriots** Map:  
301 Cleveland Avenue  
Grove, North Carolina 28073



You are receiving this email because you signed up for the Daily Alerts from DealSwarm. If you would rather not get these emails anymore, you can [unsubscribe here](#).

Simple links to Twitter and Facebook pages can increase brand interaction

Clear communication of price and discount brings value of deal front and center

DealSwarm should test shortening the copy to increase click-throughs

Visually representing location of deal can increase relevancy and conversions

## FLASH SALES

According to CNNMoney<sup>8</sup>, Gilt Groupe sparked the trend of flash sales in 2007 when the demand for luxury clothing and accessories tanked. Today, it is a billion-dollar industry. As a business model, it effectively addresses consumer interest in discounts and exclusivity, while providing upscale fashion brands with the opportunity to liquidate excess inventory. According to Paul Hurley, CEO of ideeli.com, “selling a product at a discount every day is not good for brands. If everything’s 20% off every day, then the right price is 20% off.” However, by enabling brands to sell product at a discount via limited-time, limited-inventory sales, flash sale sites actually help boost the brand image through the perception of scarcity.

While flash sales were founded in high-fashion, they have expanded to home furnishings, luxury travel and everything in between. And as the number of flash sale digital store fronts continue to crop up, so have new businesses, such as aggregators. And the shoppers are diverse. According to an eMarketer<sup>9</sup> report, the demographic is pretty evenly dispersed with approximately 43% of the shoppers being male and 57% female – 46% are between the ages of 25-44 and 46% have an annual income of \$60,000 or more.

In addition to offering exclusive, limited inventory products at a stellar price, it is the opt-in database and email programs driving traffic to these sites that make it all happen. Once a recipient opens the email and sees something they are interested in, chances are they are in a buying state of mind. According to an eMarketer report<sup>10</sup>, the major flash sales sites are attracting site traffic that is 4X more likely to buy than that of an average internet user – so to say that click-through and conversion rates from email should be higher than the industry average is an understatement.

In the pages that follow, we have examined the email programs of the top flash sales sites including zulily, Rue La La, HauteLook, ideeli and Gilt Groupe. See what these email powerhouses are doing with their programs every day to stand out from the inbox clutter.

---

<sup>8</sup>CNNMoney, “Flash sale sites spark billion-dollar industry,” May 26, 2011

<sup>9</sup>eMarketer, “Flash-Sales Sites Light Up Ecommerce,” December 2010

<sup>10</sup>eMarketer, “Flash Sales: What Retailers Need to Know,” December 2010

# ZULILY

## WHAT IT IS

Based in Seattle, Washington, zulily is an online daily deals site for moms, babies and kids that offers boutique apparel, gear and toy brands at up to 90% off retail. The company has grown rapidly since its launch in January 2010, growing to 240 employees in 18 months. To fuel additional growth and expansion, the company recently closed an additional \$43 million round of financing<sup>11</sup>.

With its unique and playful brand, zulily has made a name for itself in the highly competitive flash sales site industry. Each morning, zulily sends an email announcing over 25 new sales events to its 4 million members. Over 2,500 brands have partnered with zulily to offer 72-hour sales events. Since events and vendors change frequently, zulily's daily email is a key discovery tool for time-pressed parents looking for new brands, innovative products and unique apparel for their kids.

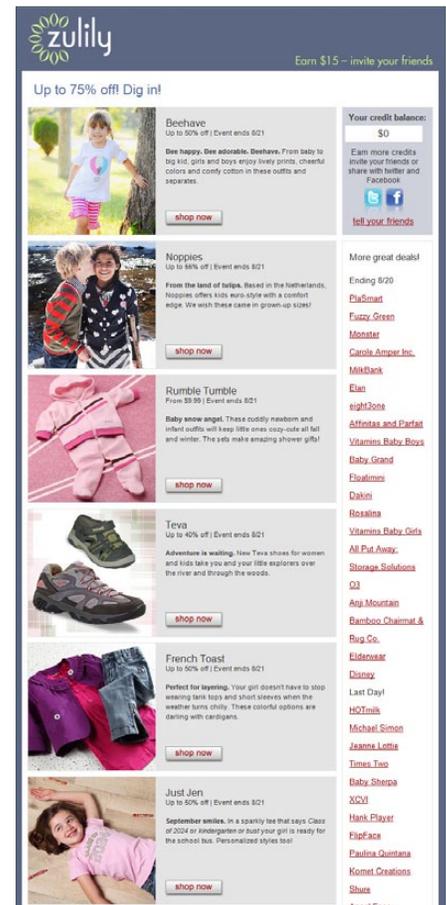
## WHAT WORKS

Not surprisingly, zulily recognizes the constantly changing stages of parenthood, and the site and its sales events introduce new brands daily in the maternity, infant, toddler and kids verticals that map to these stages. Recognizing that parents need a great way to find unique products in a time-efficient way, zulily's daily email provides a concise, carefully crafted introduction to the day's featured brands and deals.

zulily is able to deploy 2 million emails to their customers within 15 minutes to best ensure that the recipients receive notification of that day's events when they go live at 6:00am PT/9:00am ET. Interjected into this daily deployment are dynamically generated subject lines to grab customers' attention and drive interaction. zulily's brand, which is playful and engaging, is visible in their subject lines, which blend whimsy and humor to encourage members to open their emails to discover the sales and great deals inside. Subject lines are sometimes serialized to tell a story or carry a theme across multiple days. This continued "conversation" keeps customers engaged and generates strong open rates.

## OPTIMIZING FURTHER

The number of flash sale sites is increasing quickly and differentiating your brand among the vast sea of great deals is imperative to success. Instead of watching unsubscribe rates climb and inactivity creep into an email list as customers become saturated by an influx of daily offerings, it can be more effective to keep customers engaged and foster post-sign-up engagement using email and supplemental customer-focused activities like an in-site welcome program or an actively engaged customer service team. Opportunities to connect with customers in conversations and speaking to customers a little differently each day in email can minimize disengagement.



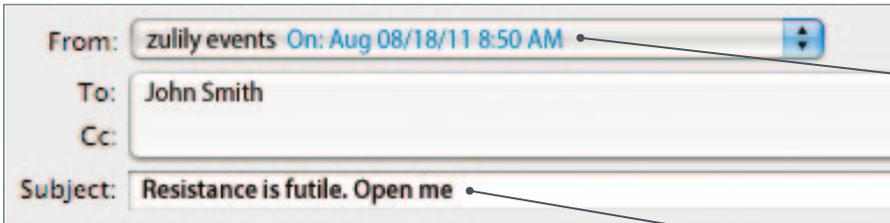
*zulily is able to deploy 2 million emails to their customers within 15 minutes to best ensure that the recipients receive notification of that day's events when they go live at 6:00am PT/9:00am ET.*

<sup>11</sup>VentureWire, "Daily Deals Site Zulily Hiring 100," September 7, 2011

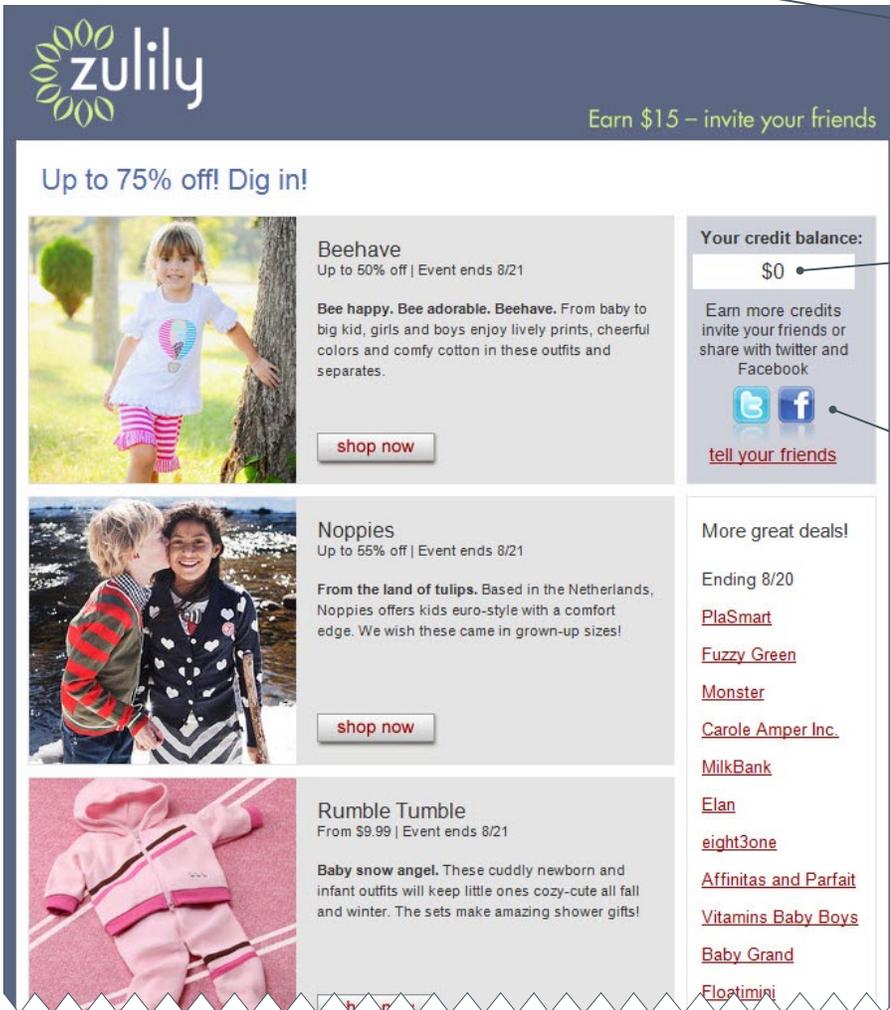
## THE BOTTOM LINE

It's important to drive ongoing engagement with your audience through creative subject lines and relevant content, but don't miss your initial opportunity to communicate with them post-opt-in. On-boarding programs and a commitment to customer service can be highly effectively and should be leveraged to educate and engage new subscribers, which in turn builds long-term loyalty with customers.

# ZULILY



Deliver emails within the same 15-minute window every day to maximize subscriber engagement



Use catchy, engaging subject lines to boost open rates

Dynamically integrate credit balance into email to incentivize purchasing and referrals

Integrate social features to facilitate viral sharing of deals



Providing a personal invite URL that facilitates sharing is an effective way to spur member growth

# RUE LA LA

## WHAT IT IS

Since its launch in April 2008, Rue La La has been innovating and driving the flash sale business, which is evident by its marked growth and the buying power of its customers. According to comScore<sup>12</sup>, Rue La La's customers have the greatest buying power of the flash sale sites followed by Gilt, ideeli and HauteLook.

One of the difficulties with flash sales sites is that there is little differentiation between the major players – and those that do exist are often buried in the website's "Terms & Conditions." Rue La La attempts to differentiate by advertising their unique features front and center on their website and highlighting them prominently in every email. Examples include "Little Rue Coming Soon," "Rue 30," and others. Little Rue is the kids version of their site – but Rue 30 can use a little explanation.

## WHAT WORKS

A challenge of flash sales is that with daily offers, the idea of paying shipping daily can be a financial disincentive to subscribers. Instead of wondering if they should buy today or wait to see what's on sale tomorrow, Rue La La customers can make a purchase knowing that the shipping for subsequent purchases will be free. Rue La La has not been shy about touting this unique offer in their email program: spend \$9.95 on shipping, one-time, and get shipping free for the next thirty days. With that offer, Rue 30 was born.

In a space that is increasingly cluttered, finding a unique value proposition is necessary to stand out, and Rue La La has done that. Their Rue 30 shipping guarantee is featured prominently before the first offer in every email, providing extra motivation to purchase. In line with most of the other leading flash sales sites, Rue La La also includes upcoming sales at the end of each email to build anticipation for future events.

## OPTIMIZING FURTHER

Make the announcement of these unique value propositions smarter. Start by leveraging dynamic content to include these messages in all communications until an open or click activity is rendered. Taking it a step further, look at incorporating some sub-version of the message until a recipient has demonstrated an interaction with that piece of content like a click or an action. Also, make sure your offers are relevant and targeted for each recipient. While it's certainly possible, it's not likely that someone interested in eyebrow tweezers and pedicure kits would also be interested in sports memorabilia.



*Instead of wondering if they should buy today or wait to see what's on sale tomorrow, Rue La La customers can make a purchase knowing that the shipping for subsequent purchases will be free.*

<sup>12</sup>comScore, "State of the US Online Retail Economy in Q1 2010," April 2010

## THE BOTTOM LINE

Use your email technology to make your messaging smarter. All customers are not reading your message every day – use dynamic logic to make every message as relevant as possible to each recipient.

# RUE LA LA

Invite Friends, Get \$10

**Rue La La** Hello, Kara.

BOUTIQUES INVITE MY ACCOUNT MY CREDIT: \$0.00

**the RUE 30** SHIPPING WORTH CELEBRATING. **PAY \$9.95 ONCE.** SHIP FREE FOR 30 DAYS. **LEARN MORE**

HAPPENING NOW **AUGUST 29, 2011 11AM ET**

The fall essentials we always stock our closet with. Men's and women's denim, tops, and more. Plus, shoes and handbags to always keep in reach. Lucky Brand is here.

**shop boutique** >

Prominently place and incentivize reward programs to maximize participation

Give offers top billing

<b>AUG 30</b> DKNY - Outerwear La Fiorentina Columbia Columbia - Men's French Sole Picnic Time Stylishly Done: The Perfect Playroom Le St.-Martin Hotel - Montreal, Canada	<b>AUG 31</b> Bottega Veneta - Handbags Loro Piana Karen Zambos Birkenstock Art Source LTD Roessler Cellars	<b>SEP 01</b> Vince Vince - Men's Herve Chapelier Arche Shoes PILLA Court of Versailles Rio Celeste Hideaway Hotel - Costa Rica
---	--	--

**send me reminders**

**Little RUE** is coming soon. **TAKE A PEEK**  
A life of style for kids (and their grown-ups) is on its way.

Follow Rue La La Contact our Concierge Like Rue La La Follow That's So Rue

If you are having trouble viewing this email, copy and paste [this link](http://view.ed4.net/v/59T5JR/F5TLA/U13G8MO/KECGOB/MAILACTION=1&FORMAT=H) into your browser:  
<http://view.ed4.net/v/59T5JR/F5TLA/U13G8MO/KECGOB/MAILACTION=1&FORMAT=H>

List out what sales are coming soon to build anticipation

Cross promote sister brands to core audience to grow awareness

# HAUTELOOK

## WHAT IT IS

A leader in online retail, HauteLook provides its members access to top women's and men's apparel, accessories, beauty, kids' and home brands and vacation properties through limited time sale events. Every day, HauteLook offers discounts of 50 to 75 percent off retail prices to over 5.5 million members in the U.S. and Canada. HauteLook has partnered with more than 2,000 brands to host more than 8,000 sale events. Membership is free and open to everyone. HauteLook launched a new venture in March 2011, Sole Society, a monthly shoe membership site offering a personalized selection of designer quality, on-trend shoes. Founded in 2007, HauteLook is headquartered in Los Angeles and was acquired by Nordstrom in March 2011.

## WHAT WORKS

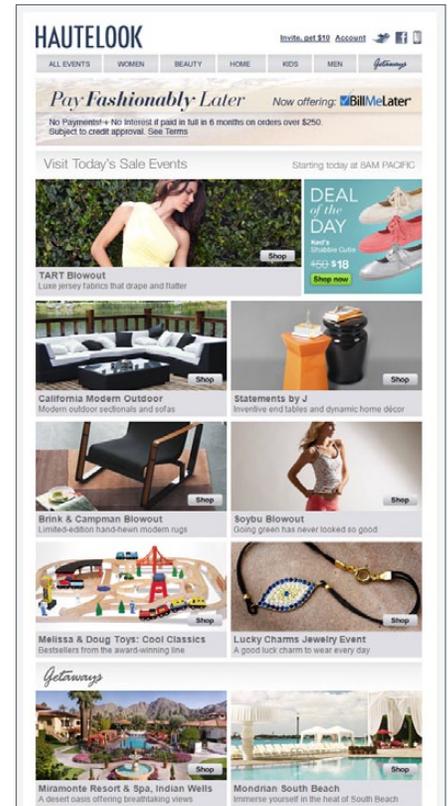
HauteLook does an outstanding job with their email program. First, they leverage burst email delivery to ensure that every email to their millions of subscribers arrives within the same 10 minute window every day. This enables them to emulate the experience of an offline sample sale, where women line up at the crack of dawn and rush the doors, hoping to get first pick of the inventory. As a result, HauteLook's email subscriber engagement levels are well into the double digits on a regular basis.

HauteLook also leverages algorithmic logic coupled with dynamic content to provide each subscriber with a personalized hierarchy of categorical interest in each email, based on previous behavior. With such a firm understanding of their subscriber, a majority of their revenue is directly attributed to the email channel. However, even when email is the star performer, there is always room for growth. As a heavy test-and-learn shop, the email team at HauteLook does a wonderful job of evolving the program and identifying what works and what doesn't among its customer base.

## OPTIMIZING FURTHER

One simple-to-test and obvious area for increasing engagement and performance is in optimizing the pre-header space of the message. While HauteLook is one of the few brands in this report to regularly include messaging in this section, the top 100 pixels of the message are prime real estate and should be used for more than basic housekeeping copy.

This area of your message is among the first bits of copy that your readers will see – make it count. The dynamic logic being used to set hierarchy in the body content can also be used to include a feature offer in the pre-header. If the recipient is viewing the email in a preview window or on a mobile device, this will enable them to immediately respond to a targeted offer without ever having to scroll.

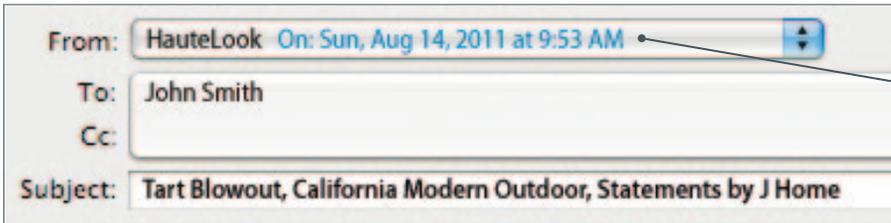


*HauteLook also leverages algorithmic logic coupled with dynamic content to provide each subscriber with a personalized hierarchy of categorical interest in each email, based on previous behavior*

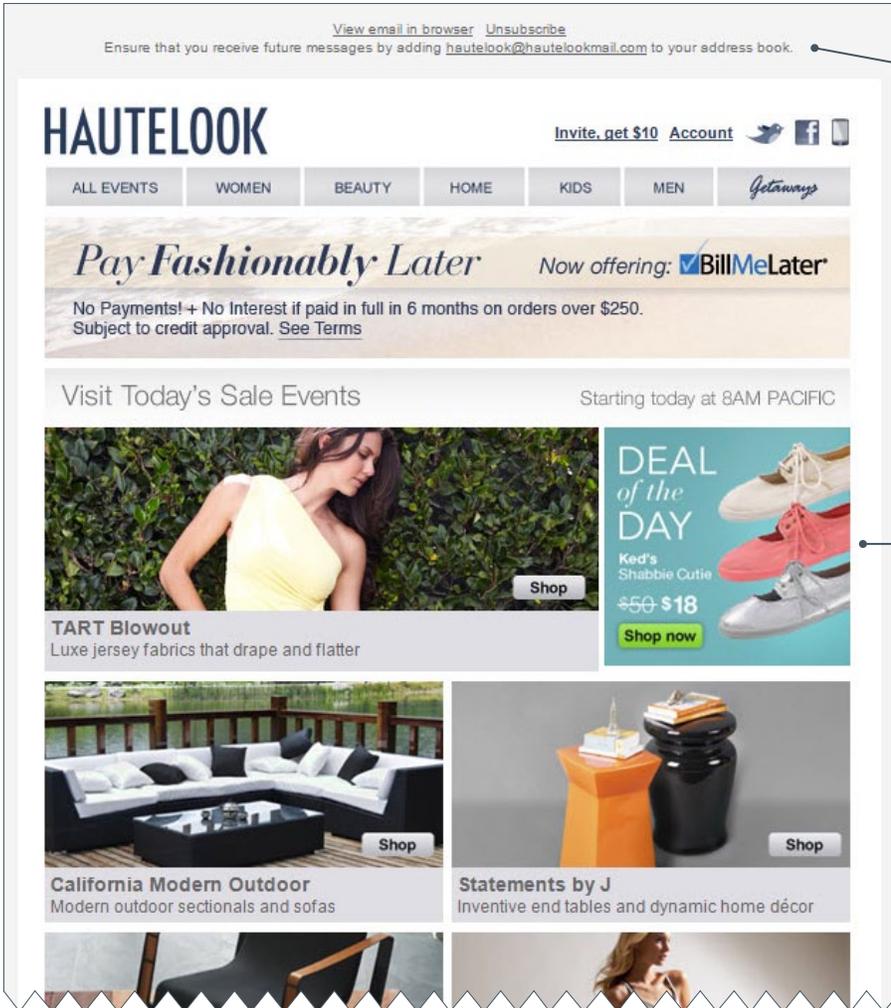
## THE BOTTOM LINE

Leverage burst email delivery to generate heightened subscriber engagement while tapping dynamic content to build customer lifetime value. Optimize the pre-header for conversion instead of standard email housekeeping notes like "add to address book," or "view in browser." This is valuable real estate and should be leveraged accordingly.

# HAUTELOOK

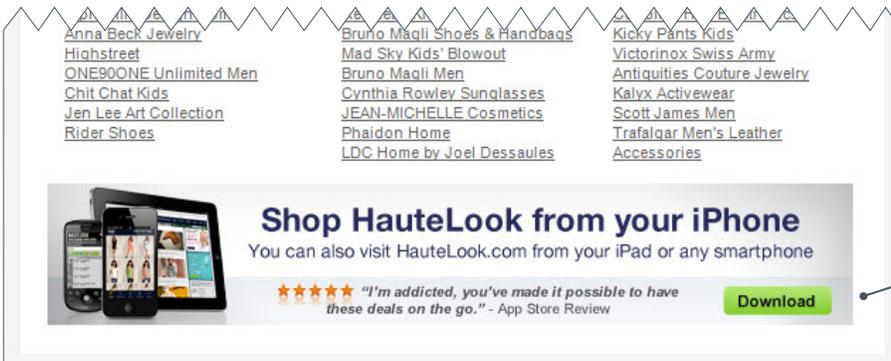


HauteLook delivers millions of messages within the same window every day to drive higher subscriber engagement



Leverage the preheader to promote deals and facilitate mobile rendering

Dynamically render deals based on past behavior and purchase history to lift clicks and revenue



Promote other channels, such as a mobile web app

# IDEELI

## WHAT IT IS

Founded in 2007, ideeli is a leading online retail site dedicated to delivering a unique, exciting daily shopping experience with a curated selection of offerings across the apparel, accessories, home, shoes, kids, travel and lifestyle categories. With 4 million members in the United States, ideeli has created a solid foothold in the flash sale site marketplace, with deep discounts of up to 80% on leading and hot new brands. Sale events usually last 40 hours, during which members can get privileged prices on the most sought-after products and experiences. ideeli's success (2010 revenues are estimated to have been between \$150-\$175 million)<sup>13</sup> led to a \$41 million infusion of cash in the form of a series C round of funding in April 2011.

## WHAT WORKS

Creating a sense of priority within the layout of the message can help to direct customers to the best, or most relevant, deals. Including a hero image of the feature deal above-the-fold allows the recipient to immediately know where they should focus their attention first. Allowing the rest of the deals to follow the main offer in a prioritized order helps to drive the desired behavior from the customer, and helps place the attention on offers that may be of the most interest to them. Ideeli also alerts members to future sales, so they can be on the lookout for deals on their favorite brands.

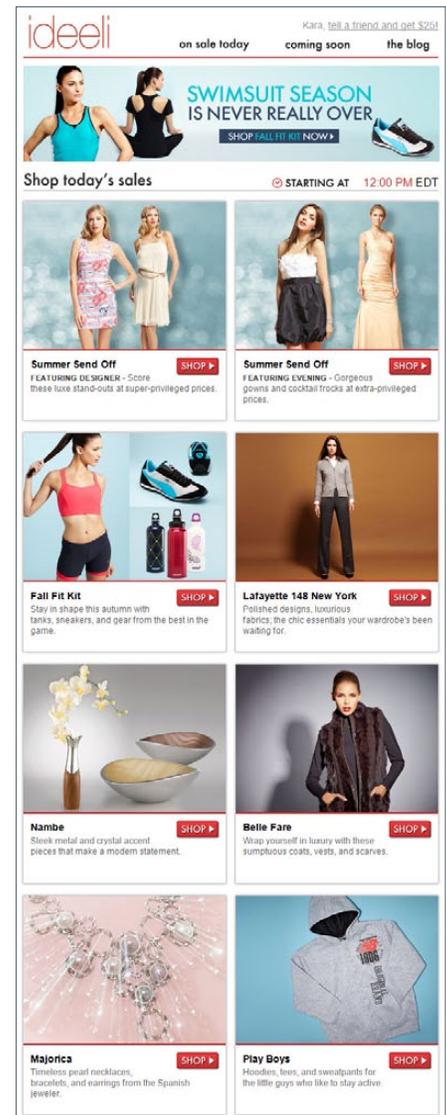
## OPTIMIZING FURTHER

There is always debate around subject line effectiveness. Should it be 35 characters or less? Should it be 100 characters? Should the brand name be included? You get the picture. The challenge with subject lines is that in many cases, they are dependent on the recipients' state of mind at the moment they see the message in the inbox.

But if your email subject line doesn't have a clear message, does it matter if it's 35 characters vs. 135 characters? The subject lines for ideeli's messages tend to run around 150-200 characters, which is lengthy – especially considering mobile rendering. Here is one recent example that illustrates just how long they can run:

*"ideeli: tadashi shoji, animal attraction, bcbgmaxazria, fashion's night out tote, kitchenaid, abrams, dkny jeans, brother stitch, o by oscar de la renta, strut your stuff, fred david, rebecca beeson, ed hardy, valentino, banana blues, oggi, kinetic, laura ashley and soybu sale."*

The opportunity isn't necessarily with minimization of the length – it is in identifying a cohesive sentence that is going to encourage and drive open behavior. So while it may appear valuable to include a number of the brand names that are featured in today's deals – it may be more effective to leverage some logic, previous purchases and browsing behavior, and feature one or two relevant brands with some qualifying copy, such as "Brand X and Brand Y up to 75% off retail today." Conversely, do some testing and you could find that featuring the percent-off savings at the front of the subject line is more efficient at driving behavior than the brand names.



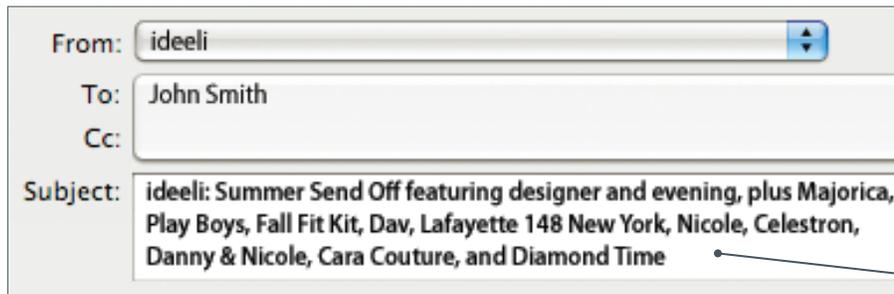
*Creating a sense of priority within the layout of the message can help to direct customers to the best, or most relevant, deals.*

<sup>13</sup> Business Insider, "Gilt Groupe Rival ideeli Raises \$41 Million," April 28, 2011

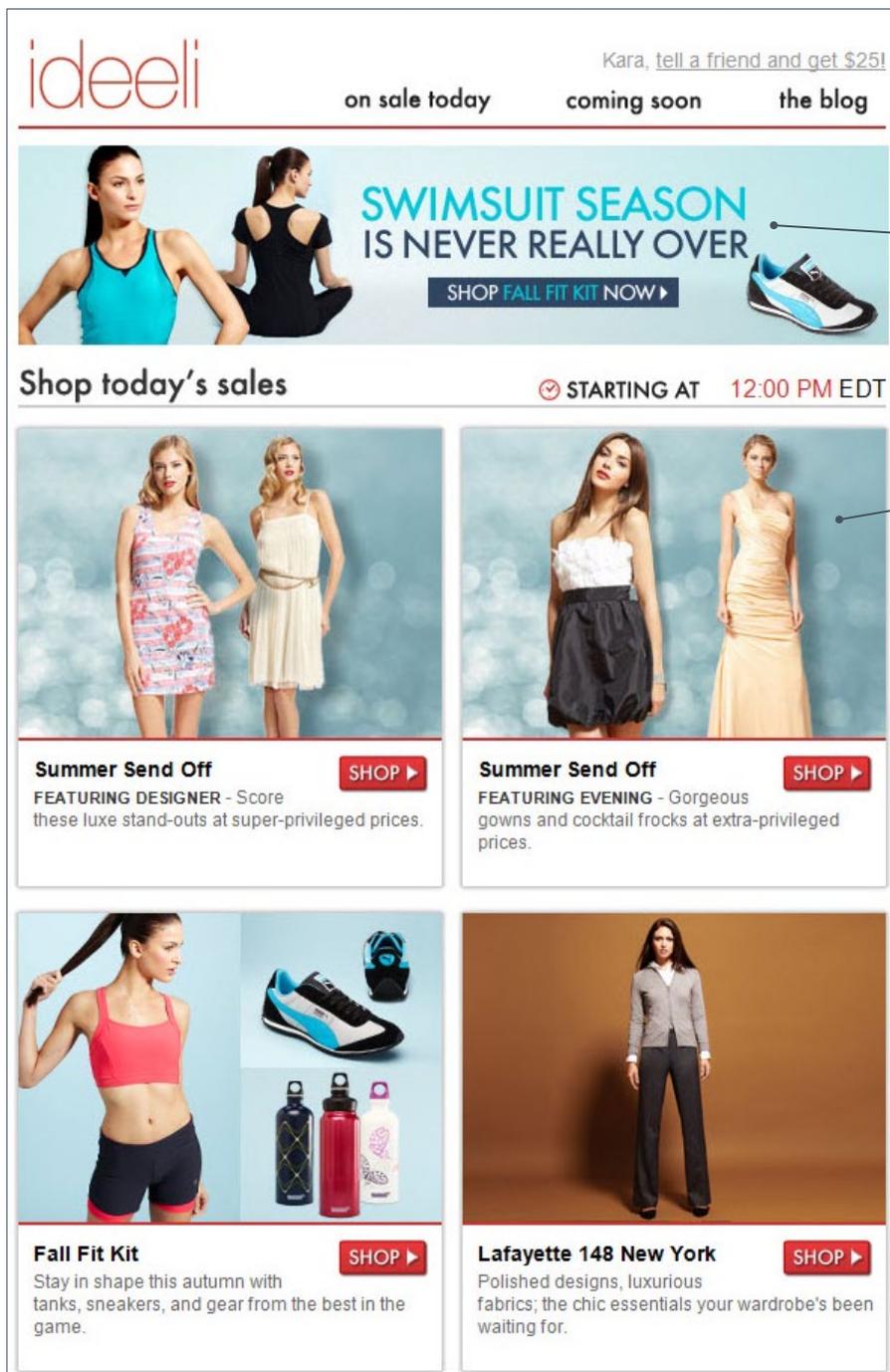
## THE BOTTOM LINE

Compose subject lines like you would write for a billboard on the expressway. They need to be catchy and to the point to drive interest and engagement.

# IDEELI



Don't let your subject line ramble on forever - convey the meaning of your message in the first 15 characters



Include a compelling hero image above the fold

Prioritize offers by subscriber using dynamic content

# GILT GROUPE

## WHAT IT IS

Founded in 2007, Gilt Groupe describes itself as “an innovative online shopping destination offering its members special access to the most inspiring merchandise, culinary offerings, and experiences every day, many at insider prices.” Every day, Gilt Group hosts a one-day designer-specific sales event that features both established and up-and-coming brands that they have been hand selected to be most relevant to their members – all at sample sale prices of up to 60% off.

In addition to the daily Gilt Groupe sales, the company also operates more segmented daily sales events under such monikers as Gilt Man, JetSetter (Travel), Gilt City (local deals) and Gilt Taste (gourmet food). Gilt introduces brands by providing short videos featuring designer bios and previews of items from upcoming sales. This approach has enabled them to attract 3.5 million members in the US and Japan. According to comScore<sup>14</sup>, Gilt Groupe has the highest percentage of visitors earning \$100K or more. Gilt Groupe was also the only daily deal site to crack Internet Retailer’s list of “Top 10 US Web-only Retail Websites” based on its estimated 2010 sales of \$425M.

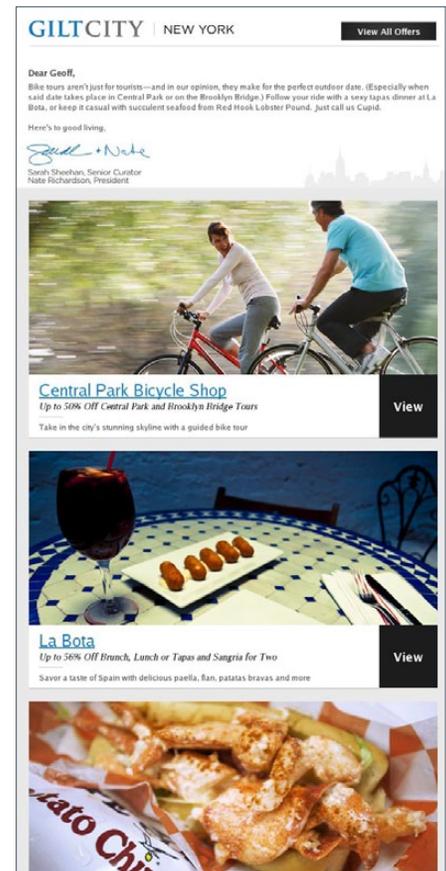
## WHAT WORKS

Targeting and segmentation is always a big topic of conversation for email marketers. Identifying the right customer to receive the right message at just the right time is the gold standard all marketers strive for. Having started as a brand that was focused on women’s fashion, Gilt Groupe has come a long way in building out their business model to identify various areas of interest and segments within their customer base that are interested in other lifestyle items that align with the Gilt brand. Gilt’s trailblazing has changed the way many flash sale organizations (and companies in general) do business today. Gilt offers sales geared towards foodies, fashionistas, luxury travelers and metro-sexual men from coast-to-coast. Allowing for this level of content customization is necessary in driving relevance in email communications today. Creating a sense of community, the Gilt City email begins with a quirky and fun note from their senior curator introducing the day’s top deal. By giving the brand an engaging personality, Gilt Groupe is building ties that will help foster brand loyalty.

## OPTIMIZING FURTHER

Offering topical areas of interest can pose challenges for marketers. As each new segment was launched, an additional email stream was introduced to the entire subscriber base, resulting in multiple email communications each day from a variation of the Gilt brand.

Instead of managing these content topics as individual email programs, why not view them as preferences? By enabling their subscribers to choose their preferred areas of interest, subscribers can essentially assemble their own daily message that features the offers they want to receive – (e.g. luxury travel, women’s shoes and local deals for Chicago.)



*Creating a sense of community, the Gilt City email begins with a quirky and fun note from their senior curator introducing the day’s top deal. By giving the brand an engaging personality, Gilt Groupe is building ties that will help foster brand loyalty.*

<sup>14</sup>comScore, “State of the US Online Retail Economy in Q1 2011,” May 2011

## THE BOTTOM LINE

Provide as much personalization and subscriber preference management options as possible. The more relevant content you deliver to a person’s inbox, the greater the response. Try enabling customers to specify their brand preferences and use that to drive portions of your buying strategy.

# GILT GROUPE

If you are unable to see this message, [click here](#) to view.  
To ensure delivery to your inbox, please add [reminder@giltcity.com](mailto:reminder@giltcity.com) to your address book.

**GILTCITY** | NEW YORK View All Offers

Dear Geoff,

Bike tours aren't just for tourists—and in our opinion, they make for the perfect outdoor date. (Especially when said date takes place in Central Park or on the Brooklyn Bridge.) Follow your ride with a sexy tapas dinner at La Bota, or keep it casual with succulent seafood from Red Hook Lobster Pound. Just call us Cupid.

Here's to good living,

*Sarah + Nate*  
Sarah Sheehan, Senior Curator  
Nate Richardson, President



**Central Park Bicycle Shop**  
Up to 50% Off Central Park and Brooklyn Bridge Tours View

Take in the city's stunning skyline with a guided bike tour



**amNY Benefit for Food Bank For NYC** View  
Tickets to Event at Georgica Hosted by Kelly Killoren Bensimon for \$290  
Sip cocktails for a cause at this East Hampton hotspot

**bliss®** GO NOW  
Marvelous massages, fabulous facials and men's treatments at Bliss Spa will leave you refreshed, revived and ready for fall. **Treat yourself.**

ON MOBILE  FOLLOW US  

Don't send every email to your entire list. Enable them to easily opt in and out of different message streams

Use beautiful imagery and engaging copy

Prioritize offers by subscriber using dynamic content

Know your audience and only feature deals that cater to that demographic

Third-party advertisements should be included only if they are relevant and complementary

## THE BOTTOM LINE

Consumer participation in group buying and flash sale sites continues to grow quickly with email as a core driver. However, competition for consumer wallet share is growing fiercer by the day as new sites try to capitalize on the daily deals phenomenon. As such, it is necessary to leverage email marketing as effectively as possible to drive business and build loyalty with consumers. Deal or no deal – if the experience falls short, it could drastically impact the likelihood of future engagement.

## THE DAILY DEAL EMAIL MARKETING CHECKLIST

Following is a summary of the core tips that were featured throughout this study – a valuable checklist of things to consider for taking your email marketing program to the next level:

- Long-term success is about more than just providing great deals – it is about getting the right offer to the right person at the right time. Be mindful to make your daily deals as relevant as possible to each recipient, otherwise you may find yourself losing subscribers at a rapid pace.
- Relevant* content is king. Enabling dynamic offer serving as a result of both self-reported and behavioral information will garner the greatest successes.
- Make sure that your messages are arriving within the same 10 - 15 minute window every day in order to create a sense of immediacy and urgency amongst your subscriber base. This will dramatically increase open rates, clicks and ultimately revenue.
- Allow the customer to dictate how the content should be delivered – is a single, all-inclusive message the way to go or multiple individual communications? It is a personal choice and one you should give your subscribers.
- Keep it simple. Recipients don't read email – they scan it. You have about 3 to 7 seconds to convey your message in its totality before the reader is on to the next message or task. Be sure to use good spacing, headlines and bullets otherwise your message may be lost – no matter how relevant it was.
- On-boarding programs work and should be leveraged to educate and engage new subscribers in order to build long-term loyalty with customers.
- Use your email technology to make your messaging smarter. All customers are not reading your message every day – use dynamic logic to give your message the best chance of being a revenue driver.
- Optimize the pre-header for conversion instead of standard email housekeeping notes like “add to address book,” or “view in browser.” This is valuable real estate and should be leveraged accordingly.
- Compose subject lines like you would write for a billboard on the expressway. They need to be catchy and to the point to drive interest and engagement.
- Digest or combine message content when applicable and possible. Streamlining the email experience for customers by consolidating similar and complementary content can greatly increase overall engagement.



## ABOUT STRONGMAIL

**We're StrongMail.** We cater to forward-thinking enterprises that are looking for more than just a "me-too" email marketing solution. As our name implies, we're all about helping our clients create **STRONG** email marketing programs – ones that are impactful, effective and efficient.

We believe that email provides the foundation for great interactive marketing, and that social media and mobile marketing serve to strengthen that foundation. While Forrester Research named StrongMail as one of only six ESPs suited for enterprise marketers alongside vendors like ExactTarget, Responsys and Cheetahmail, our solutions and approach are very different (which is why enterprises and high-volume senders like us).

Talk to us. See how StrongMail is different, and how that difference can help your business grow. Learn more at [www.strongmail.com](http://www.strongmail.com) or contact us today.

### **StrongMail**

Toll free U.S. +1 (800) 971-0380

Toll U.S. +1 (650) 421-4255

Toll U.K. +44 (0) 118 903 6068

[info@strongmail.com](mailto:info@strongmail.com)