

Dell Corp. E-Mail Campaign Optimization

Background

Dell Corporation decided to implement TaguchiNow's proprietary ad optimization methodology because Dell's Retail Marketing VP – Tim Mattox, an MIT engineer – was familiar with the Taguchi method.

In June of 2004, Dell selected the Employee Purchase Program (EPP) e-mail campaigns as the initial implementation of the Taguchi-based ad optimization methodology with the aim of expanding the project later to other audiences (Home, Corporate and Small Businesses). EPP e-mail advertising campaigns are targeted to 450,000 individuals: 250,000 corporate employees, 150,000 government employees, and 50,000 professors at schools or universities, all of them users of Dell computers at work. The aim of Dell's EPP e-mail campaigns is to sell computers, software and peripherals to these individuals for their personal use leveraging the fact that they are already familiar with the brand. As an enticing benefit, Dell's EPP members enjoy discounts of up to 12% and special promotions like free shipping, product bundles, and others.

The response rate of the traditional e-mail marketing is typically well below the one percent mark. Dell had good lists of potential customers who already knew the brand and its products and had experience working with Dell computers. Even then the Click Through Rate (CTR) on the control e-mail was only 3%.

Summary

- Click Through Rate increase: 5.2 times
- 7.1 times more sales per e-mail
- Annual sales *before* optimization: \$8,900,000
- Annual sales *after* optimization: \$63,100,000

The Process

To the right is an example of a Dell EPP e-mail before the Taguchi optimization.


Employee Purchase Program
Dell EPP Home

Part entertainment center, part warehouse.

Expand your multimedia and storage options with a free combo drive upgrade.

FREE COMBO DRIVE UPGRADE¹ ON select Dimension™ and Inspiron™ systems. (Limited time offer)

[Offer Details](#)
[View all system's savings](#)

Dell recommends Microsoft® Windows® XP

EPP/FSS is your best deal on a new Dell:

- ◆ 5% discount on all Dimension™ and Inspiron™ products
- ◆ 10% discount on all Dimension and Inspiron products with a 3 - 4 year at-home service⁷
- ◆ Discounted 3-5 day shipping



▶ **No Payments for 90 Days!**
A feature of Dell Preferred Account for well-qualified customers.¹¹



Dimension 2400
Affordable Performance with Essential Technology

- ◆ Intel® Celeron® Processor at 2.40GHz
- ◆ Microsoft® Windows® XP Home Edition
- ◆ 128MB Shared² DDR SDRAM
- ◆ 40 GB Ultra ATA Value Hard Drive
- ◆ 17" (16.0" vis) E773 CRT Monitor
- ◆ FREE 48x CD Burner/DVD Combo Drive Upgrade¹
- ◆ FREE TurboTax[®] Basic Software for Tax Year 2003³ (Shipping Extra)
- ◆ 1-Yr Limited Warranty⁴ plus 1-Yr At-Home Service⁵

\$475 (\$499 before 5% EPP Discount)

Recommended Upgrades
80GB Ultra ATA Hard Drive - \$47
19" (18.0 v.i.s.) M992 CRT Monitor - \$94

[Shop Dimension Desktops](#)



Inspiron 1100
Notebook Essentials, Budget Friendly

- ◆ Intel® Celeron® Processor at 2.40GHz⁸
- ◆ Microsoft® Windows® XP Home Edition
- ◆ 20GB Ultra ATA Hard Drive
- ◆ 256MB Shared² DDR SDRAM
- ◆ 14.1" XGA TFT Display
- ◆ FREE 24x CD Burner/DVD Combo Drive Upgrade¹
- ◆ FREE TurboTax[®] Basic Software for Tax Year 2003³ (Shipping Extra)
- ◆ 1-Yr Limited Warranty⁴ plus 1-Yr Mail-In Service

\$759 (\$799 before 5% EPP Discount)

Recommended Upgrades
30GB Ultra ATA Hard Drive - \$39
2-Yr Limited Warranty⁴ plus 2-Yr At-Home Service⁵ - \$119

[Shop Inspiron Notebooks](#)

Helpful Dell Links

- ▶ Shop for desktops
- ▶ Shop for notebooks
- ▶ Shop for software and peripherals

FREE 3-5 Day Shipping with any online software and peripheral order over \$99 (before tax)¹²



▶ **DELL A920 Printer**
Enjoy printing, scanning and photocopying while saving valuable work space in your home or home office.
Dell Part# A920STD
\$89.00



▶ **DELL DJ 15GB**
Carry your music portfolio in the palm of your hand and hold over 3,700 songs⁹ with the 15GB hard drive.¹⁰
Dell Part# DJSTD15
\$249.00



▶ **DELL Axim X3 300MHz Handheld**
A sleek, sophisticated design that delivers connectivity, productivity and entertainment at an affordable price.
Dell Part# 3001YR2
\$199.00



▶ **Adobe Photoshop Album 2.0**
Helps you instantly organize and find your digital photos so you can easily share your memories and experiences with others.
Dell Part# A0186866
\$49.95



▶ **BELKIN Home Office 650VA UPA**
Helps provide protection to your computer equipment against power surges but also provides up to 35 minutes of backup time in case of a power failure.
Dell Part# A0004777
\$62.95



▶ **Canon i960 Photo Printer**
Enables you to print true borderless photos with great color accuracy and fine edge-to-edge detail.
Dell Part# A0171254
\$199.00


Employee Purchase Program
Visit www.dell.com/epbuy or Call 1-877-289-9437

Dell EPP e-mail before the Taguchi optimization.

The table on the right shows a Taguchi testing array that was selected to analyze 7 variables with 2 values and 4 variables with 3 values in only 18 test e-mails. This allowed to test 10,368 campaigns with only 18 tests – a small fraction of all possible combinations (only 0.2%).

Variables and values in the Taguchi testing array.

Variable	Value 1	Value 2	Value 3
Promotion	Single	several	-
Teaser	yes	no	-
Financing	yes	no	-
Price	high-end	low-end	-
S&P* Promotion	yes	no	-
Discount	5%	10%	-
Image	product	people	-
Subject Line	creative	promo	dated
Headline	creative	promo	seasonal
Configurations	two	one	none
Product Mix	both	notebook	desktop

(*) Software & Peripherals

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Winning Options



Non-Influential

A total of 11 variables were tested simultaneously to find their influence and best values. Contrary to common marketing knowledge, test results revealed that Financing, Price, and Discount were not influential. The most influential variables were Subject Line, Image, Teaser, and Headline, in that order. A verification test with the Taguchi-optimized email and a control was done on June 17, 2004.

To the right is a table comparing the response rates and sales of a control and optimized emails.

Type	Control Email	Optimized Email
Audience Size	142,610	142,633
Total Clicks	4,278	22,379
Click Thru Rate	3.00%	15.7%
Sales/Email	\$0.34	\$2.42
Total Sales	\$48,487	\$345,095

Examples of Dell's e-mail campaigns after several Taguchi optimizations.

Dell Employee Purchase Program January 31, 2005

SHOP DESKTOPS | SHOP NOTEBOOKS | SHOP DELL™ TVS | SHOP HANDHELDS | SHOP PRINTERS

UP TO \$350

OFF INSTANTLY on all Dimension™ and select Inspiron™ systems!
Hurry! Offer ends Wednesday 02/02/05!

PLUS FREE 3-5 Day Shipping on select systems!

[MORE DETAILS](#) [MORE DETAILS](#)

January 31, 2005

Dell Employee Purchase Program SEPTEMBER 1, 2005

ON LABOR DAY, YOU SHOULDN'T HAVE TO WORK TO FIND A GREAT DEAL

Limited Time Offer. **UP TO \$450 OFF!**
Savings on select Dimension™ and Inspiron™ Systems.

PLUS YOUR EPP DISCOUNT! UP TO 12% SAVINGS

[SHOP NOW](#) [DIMENSION OFFER DETAILS](#) [INSPIRON OFFER DETAILS](#)

September 1, 2005

Please use the appropriate links below, rather than the reply function, for responses to questions, comments or to unsubscribe to e-mail.
 Unsubscribe | Questions or Comments | Dell Privacy Policy

DELL Employee Purchase Program November 21, 2005



FEAST YOUR EYES ON THIS!

UP TO 30% OFF!
 Savings on select Dimension™ and Inspiron™ systems. Coupons and offer details listed at right. Limited time and quantity!
PLUS YOUR EPP DISCOUNT UP TO 12% OFF!

[SHOP NOW](#)

YOUR BEST DEAL ON A DELL HOME PC.²

EPP SAVINGS UP TO 12%

November 21, 2005

Please use the appropriate links below, rather than the reply function, for responses to questions, comments or to unsubscribe to e-mail.
 Unsubscribe | Questions or Comments | Dell Privacy Policy

DELL Employee Purchase Program January 20, 2006



DON'T DROP THE BALL ON THIS DEAL.

UP TO \$300 OFF!
 Savings on select Inspiron™ and Dimension™ Systems. Limited time offer.

[SHOP NOW](#)

[> INSPIRON OFFER DETAILS](#)
[> DIMENSION OFFER DETAILS](#)

YOUR BEST DEAL ON A DELL HOME PC.¹

EPP SAVINGS UP TO 12%

January 20, 2006

Conclusion

To provide all the technical specifications was considered important by Dell engineers and marketers but did not lure customers to buy. As can be noticed in the ad samples above, the extensive product specifications of the original ads were replaced by a friendlier, more appealing, and cleaner ad that worked over time with no changes to the original recipe.

The application of TaguchiNow's ad optimization methodology increased Dell's e-mail campaign open rate more than 5 times and sales more than 7 times in only 4 months. In addition to these impressive results, Dell was able to better understand which influential factors did play a role and at what level for each factor was the outcome (Click Through Rate response) optimized.

Through the application of TaguchiNow's method to their advertising campaigns Dell did gain insight which was used not only in the EPP program but also in other marketing and advertising campaigns (Home, Corporate, Small Business, etc.).

For more information on the application of the Taguchi method to increase email, landing page or direct mail conversion, contact TaguchiNow, Inc. at (530) 692-9035 or visit www.taguchinow.com.