UNSUBSCRIBE

CrossEngage

Use Case:

Unsubscription Prediction

with a recent case study

How forecasting newsletter unsubscribes helps save customer relationships

Challenge

"One more will do!"… or won't it? It is not uncommon for **email newsletters** to be used as **a quick way to achieve sales targets**. While customer acquisition costs have recently skyrocketed to record highs and precise targeting is becoming increasingly difficult, the supposedly low-cost newsletter mailing as a sales channel seems to provide short-term relief.

While category managers, CEOs and CROs seem to agree, CRM managers are worried about the impact of high newsletter frequency on **open and click rates**, **unsubscribes**, and reputation damage due to **over-contacting** and **CRM resources**.

In particular, the impact on unsubscribe rates is worth a closer look.

A customer's newsletter opt-in not only opens up a **valuable communication channel**, but is **critical to the overall customer relationship**. Newsletters keep customers informed about important marketing promotions and campaigns, and help brands stay in the consideration set of their target audiences. Untargeted, excessive communication not only leads to **advertising resistance**, but also to increased **newsletter unsubscribes**. As a result, the hard-won communication channel for customer loyalty is shut down forever and considerable revenue potential is wasted.

The Significance of an Unsubscription

Missing Trust

An opt-in not only opens a marketing channel, but also demonstrates the interest and trust of a customer
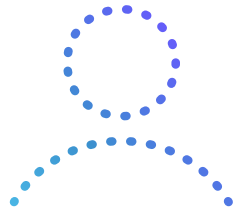
Lost Customer

An unsubscription, on the other hand, not only closes the communication channel, but often also marks the end of a customer relationship

Lost Revenue

Analyses show that over 90% of customers do not make any further purchases after unsubscribing

# Goal and Approach

1.

Reduced Newsletter Frequency

The goal is to identify those customers with an increased risk of unsubscription and to contact them with less frequency

2.

Predictive Model

CrossEngage's No-Code Predictive Model Builder can be used to create an unsubscription score for early identification of at-risk newsletter contacts

Requirements for the Successful Implementation of the Use Case
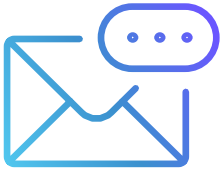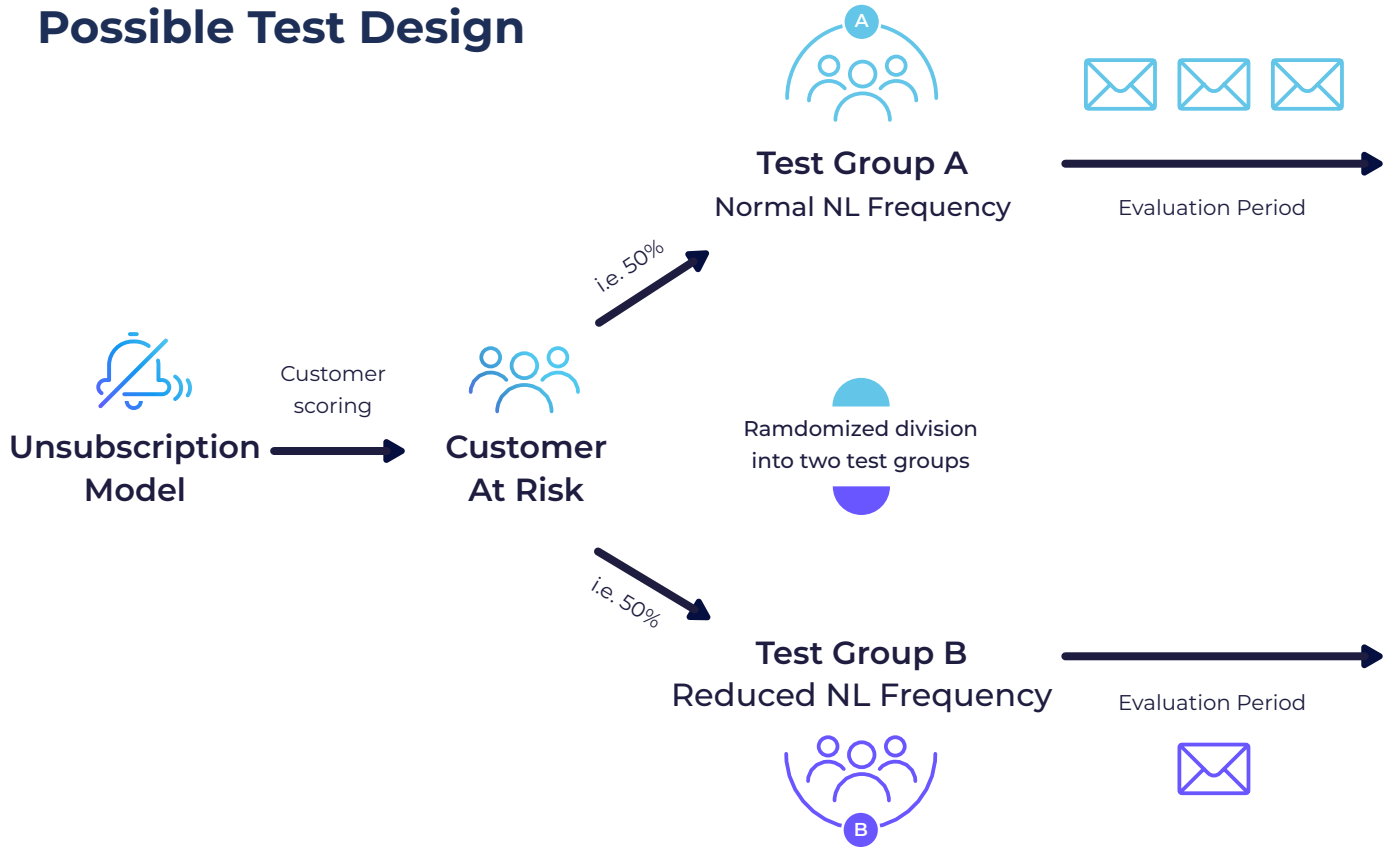
Implicit Business Model

- Newsletter as an important part of marketing
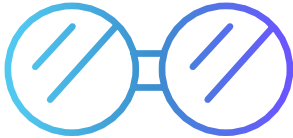- High proportion of purchases generated by the newsletter

Implicit Data

- Customer and transaction data
- Activities: Outbound data with unsubscription events

Implementation and Possible Test Design

Unsubscription Model

Customer scoring →

Customer At Risk

i.e. 50% ↗

Test Group A
Normal NL Frequency

Evaluation Period →

Ramdomized division into two test groups

i.e. 50% ↘

Test Group B
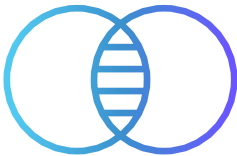Reduced NL Frequency

Evaluation Period →

Implementation and Possible Test Design

1. Predictive Model

CrossEngage's No-Code Predictive Model Builder can be used to create a predictive model for the unsubscription use case without any programming knowledge. It evaluates customers in terms of their individual risk of unsubscribing from a newsletter.

2. Segmentation

Based on the scoring, the audience management function creates a high-risk unsubscription segment that is immediately available for campaigns and testing.

A/B

3. A/B Testing

When creating a campaign in the Customer Data and Prediction Platform, an A/B test design is set up. Those customers with a high probability of unsubscribing from the newsletter are divided into two test groups. **Test group A receives the usual campaign** while **test group B receives only one reduced newsletter per week**. The key performance indicators to be considered are the **unsubscription rate**, **conversion rate**, and **revenue per contact**.
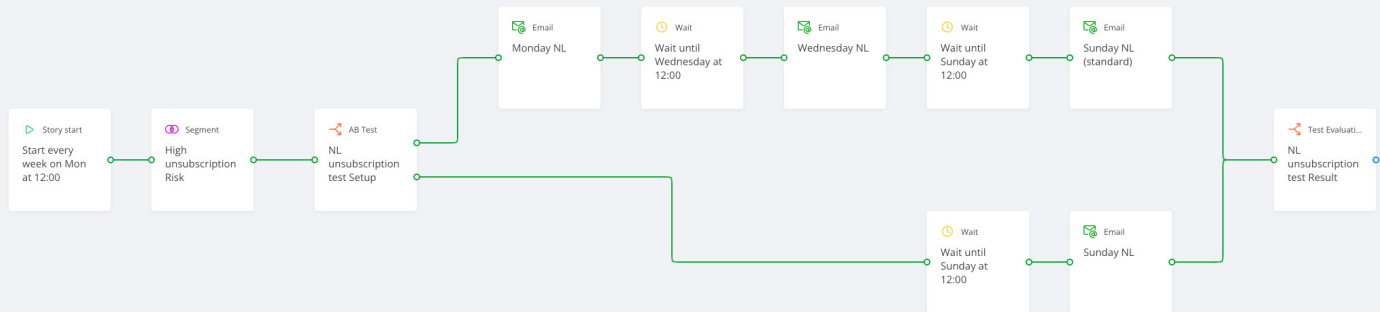
Sample A/B test for an unsubscription use case in the CrossEngage Customer Data and Prediction Platform

Results from Tests Carried Out

In practice, the campaigns and tests conducted show the following findings:

1.

By reducing the newsletter frequency for the at-risk segment, the **unsubscription rate can be significantly reduced** and promising customer relationships can thus be maintained

2.

At the same time, there are **no significant changes in conversion rate and revenue per contact** with reduced newsletter frequency

Case Study

Case Study:

International E-Commerce Company

Industry:
E-Commerce

Number of customers:
> 13 Mio. in 30 Shops

Revenue 2021:
> 200 Mio. €

Employees:
> 600

Marketing measures:
Email, Social
Performance Marketing

Email frequency:
4 times
/ week

Problem:
Very High Unsubscribe Rate

Background:

- High newsletter frequency led to high unsubscription rates

- Using the CrossEngage No-Code Predictive Model Builder, a predictive model was created to determine the unsubscription probability of new customers

Unsubscription Test-Design:

The top 50% of customers with the highest unsubscription score were randomly divided into two test groups:

1. Control group:
Received the normal frequency of four newsletters per week.

2. Test group:
Received only one newsletter per week

Results & Evaluation:

- After three weeks, the groups were examined with regard to the three main KPIs: **unsubscription rate**, **conversion rate**, and **revenue per contact**

- While the conversion rate and revenue per contact remained almost the same, the **unsubscription rate was significantly reduced by half**

- Extrapolated to the annual value, **13.950 of 197.600 new customers could be saved** from unsubscribing to the newsletter due to the lower marketing pressure

- Regarding the new customers of one year, this results in an expected *additional turnover of*

725.400 €

Unsubscribtion Rate

Control — 12.03%
Test — 4.97%   **- 59%**

Conversion Rate

Control — 14.75%
Test — 14.47%
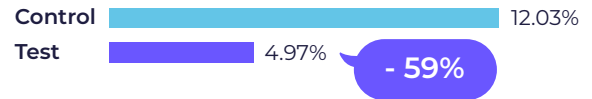
Revenue per Contact

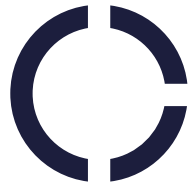Control — 7.46%
Test — 6.71%

Conclusion

Unsubscription prediction can **increase the customer lifetime value (CLV)** without short- or medium-term losses.

At the same time, the customer base grows due to the reduced number of unsubscribed customers, which eventually leads to **increased profitability without loss of revenue**.

In addition, the cost of creating and sending the newsletter decreases. Unsubscription prediction thus demonstrates the added value that **customer-specific, AI-based CRM** delivers for customer satisfaction on the one hand and for monetary value creation on the other. Overall, this use case is an important tool on the path to smart customer centricity proving that CRM managers should prevail with their newsletter-related concerns.

About CrossEngage

CrossEngage helps companies build long-lasting, valuable customer relationships. Our unique Customer Data and Prediction Platform enables brands to identify, prioritize, and activate customer audiences. Leveraging AI and predictive CRM, our SaaS solution determines the monetary impact and urgency of reaching out to customers. This yields better and more relevant customer experiences and increases customer lifetime value and ROI.

CrossEngage

CASE STUDY