



## **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%.

## The Results

Fig. 2.1 below is an extract from Dell's Landing Strip spreadsheet comparing the response rate and sales of a control and the optimized e-mail, both sent on June 17, 2004.

CAMPAIGN	Type	Audience Size	Total Clicks	Click Thru	Total Sales	\$sales/e-mail
June 17, 2004 EPP email	Control email	268,610	8,058	3.00%	\$90,678	\$0.34
June 17, 2004 EPP email	Optimized email	142,633	22,379	15.69%	\$345,095	\$2.42

Fig. 2.1. Dell's Landing Strip spreadsheet extract.

## 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 (Fig. 3.1) is an example of a Dell EPP e-mail before the Taguchi optimization.

**DELL™** | 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 UPGRADE<sup>1</sup> ON select Dimension™ and Inspiron™ systems. (Limited time offer)

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

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**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 service<sup>7</sup>
- ◆ Discounted 3-5 day shipping

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

**Dimension 2400**  
Affordable Performance with Essential Technology

- ◆ Intel® Celeron® Processor at 2.40GHz
- ◆ Microsoft® Windows® XP Home Edition
- ◆ 128MB Shared<sup>2</sup> DDR SDRAM
- ◆ 40 GB Ultra ATA Value Hard Drive
- ◆ 17" (16.0" vis) E773 CRT Monitor
- ◆ FREE 48x CD Burner/DVD Combo Drive Upgrade<sup>1</sup>
- ◆ FREE TurboTax<sup>®</sup> Basic Software for Tax Year 2003<sup>3</sup> (Shipping Extra)
- ◆ 1-Yr Limited Warranty<sup>4</sup> plus 1-Yr At-Home Service<sup>5</sup>

**\$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 2.40GHz<sup>8</sup>
- ◆ Microsoft® Windows® XP Home Edition
- ◆ 20GB Ultra ATA Hard Drive
- ◆ 256MB Shared<sup>2</sup> DDR SDRAM
- ◆ 14.1" XGA TFT Display
- ◆ FREE 24x CD Burner/DVD Combo Drive Upgrade<sup>1</sup>
- ◆ FREE TurboTax<sup>®</sup> Basic Software for Tax Year 2003<sup>3</sup> (Shipping Extra)
- ◆ 1-Yr Limited Warranty<sup>4</sup> plus 1-Yr Mail-In Service<sup>5</sup>

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

**Recommended Upgrades**  
30GB Ultra ATA Hard Drive - \$39  
2-Yr Limited Warranty<sup>4</sup> plus 2-Yr At-Home Service<sup>5</sup> - \$119

[Shop Inspiron Notebooks](#)

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**Helpful Dell Links**

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

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**FREE 3-5 Day Shipping with any online software and peripheral order over \$99 (before tax)<sup>12</sup>** [Offer Details](#) [View all software and peripheral savings](#)

▶ **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 songs<sup>9</sup> with the 15GB hard drive.<sup>10</sup>  
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**

**DELL™** | Employee Purchase Program Visit [www.dell.com/epbuy](http://www.dell.com/epbuy) or Call 1-877-289-9437

Fig. 3.1. Dell EPP e-mail before the Taguchi optimization.

Fig. 4.1, right, shows a Taguchi testing array that was selected to analyze 7 factors with 2 options and 4 factors with 3 options 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%!).

Factor	Option 1	Option 2	Option 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

Fig. 4.1. Factors and options in the Taguchi testing array.

(\*) Software & Peripherals

Test #	RESPONSE DATA			
	Open Rate		Sales	
	Campaign 1	Campaign 2	Campaign 1	Campaign 2
1	4.8%	5.7%	-	-
2	5.2%	6.1%	-	-
3	7.2%	8.4%	\$ 1,638	\$ 1,530
4	10.5%	11.6%	\$ 1,913	\$ 2,215
5	6.0%	7.3%	\$ 1,234	\$ 1,755
6	5.0%	5.8%	-	-
7	12.7%	13.8%	\$ 4,919	\$ 4,522
8	7.9%	8.8%	\$ 2,890	\$ 2,933
9	7.2%	8.8%	\$ 1,296	\$ 1,104
10	5.5%	6.4%	-	-
11	4.9%	5.8%	-	-
12	4.2%	5.0%	-	-
13	5.5%	6.4%	-	-
14	5.7%	6.1%	-	-
15	5.2%	5.8%	-	-
16	7.4%	8.3%	\$ 1,212	\$ 896
17	6.3%	7.0%	\$ 1,076	\$ 1,555
18	9.9%	10.9%	\$ 2,448	\$ 1,998

Two test campaigns of 18 test e-mails were sent to 2 different populations, the first to collect open rate and sales data and the second to verify the data of the first campaign. The results are presented in the table to the left (Fig. 4.2).

Fig. 4.2. Campaign test results.

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



Fig. 5.1.  
January 31, 2005  
**Taguchi 1**: Seasonal Theme,  
Five Shopping Buttons,  
Two Information Buttons.



Fig. 5.2.  
September 1, 2005  
**Taguchi 2**: Seasonal Theme,  
One Shopping Button,  
No Informational Buttons.

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.<sup>1</sup>**

**EPP SAVINGS UP TO 12%**

Fig. 6.1.  
 January 20, 2006  
**Taguchi 2:** Seasonal Theme,  
 One Shopping Button,  
 No Informational Buttons.

PLEASE DO NOT FORWARD. COUPONS CAN ONLY BE USED ONCE.  
 To unsubscribe to Dell emails or to view our privacy policy please use the links below.  
 Unsubscribe | Dell Privacy Policy

Dell Employee and Education Purchase Program April 28, 2006

**UP TO 30% OFF SELECT SYSTEMS!**

[SHOP NOW](#)

Dimension™ E310 Desktop

**25% Off Dimension™ desktops \$899 or more<sup>1</sup>**  
 (Before tax, EPP discount, shipping and handling) with coupon code below.  
 Enter coupon code at checkout: **K2CXSMZGX29WF**

**30% Off Inspiron™ notebooks \$999 or more<sup>1</sup>**  
 (Before tax, EPP discount, shipping and handling) with coupon code below.  
 Enter coupon code at checkout: **GDZDKS2CX8T8CQ**

**YOUR BEST DEAL ON A DELL HOME PC.<sup>2</sup>**

**EPP EXCLUSIVE SAVINGS**

Fig. 6.2.  
 April 28, 2006  
**Taguchi 3:**  
 No Seasonality,  
 One Shopping Button,  
 Two Coupons.



### **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.

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 advertising results 300% - 500%, contact TaguchiNow, Inc. at (530) 692-9035 or visit [www.taguchinow.com](http://www.taguchinow.com).