

A Field Lab Work Project, presented as part of the requirements for the Award of a Master Degree in Management from NOVA School of Business and Economics

FIELD LAB CRM AT BENFICA - PROPOSING A FRAMEWORK FOR DEVISING AND MEASURING MARKETING CAMPAIGNS

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The present document analyses the role of marketing campaigns in the CRM of organizations and how this can be applied to the football industry. It elaborates on the advantages of using e-mail and SMS channels for marketing campaigns, providing insights on how to structure them. It finalizes by providing a practical framework for implementation and measurement of e-mail and SMS marketing campaigns in the light of SL Benfica's needs, adding examples of possible campaigns devised by the CRM Field Lab group.

Keywords: marketing campaigns, analysis, e-mail, SMS.

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## **Chapter 1 - Introduction:**

This document is part of a CRM Field Lab proposed and oriented by Prof. Elizabete Cardoso and was perpetrated by six masters students between the months of September and December, 2017. The client, SL Benfica, challenged the group to devise an internationalisation expansion plan and to suggest improvements on the collection, analysis and overall application of information of its CRM database. The group divided these challenges in six different work streams, one of which was to improve the implementation and analysis of CRM marketing campaigns, which is this document’s subject.

SL Benfica, is a widely successful multi-sport club that was founded in Lisbon in 1904. Despite being an eclectic club and having achieved success in various sports, it is in football that it finds its most venturesome activity having won more than 80 national and international trophies, earning them recognition from peers, media and international sports organizations (SL Benfica, 2017). In fact, KPMG puts it in the 2017 ranking of the top-32 European Clubs with the most enterprise value (KPMG, 2017).

Both its history and success help in explaining the existence of one of the largest fan bases in the sport, considering membership numbers, only (Guinness World Records, 2006). Thus, considering the context of SL Benfica in the football market, its positioning as a formal business enterprise and the necessity to understand and deliver on the fan and member-base needs, Marketing Campaigns (for awareness, information or commercial objectives) arise as one solution that enables better financial results, which, in turn, should result in better sportive outcomes and happier fans (Meeting with SL Benfica management, 2017).

Currently, SL Benfica holds a Customer Relationship Management division in charge of, among other responsibilities, launching and keeping track of marketing campaigns and uses channels like e-mail, SMS, Facebook, website, outbound calls and promotions in the physical store to reach potential customers. Through these channels, it communicates with its associates about membership growth opportunities, membership maintenance campaigns, the offer of new products or line of products, changes in ticket prices, RedPass information, etc. However, the management team highlighted that they have been having some difficulty in measuring and evaluating the impact of these activities on actual conversion on sales or membership enrolment.

Hence, it is the aim of this document to provide insights on how to better evaluate and analyse the impact of such campaigns on actual financial results. It will start by examining existing literature on the role of marketing campaigns in the CRM of organizations. Afterwards, it will explore on how this business strategy can be applied to the football industry. The final section on the literature review will elaborate on frameworks for devising e-mail and SMS marketing campaigns, respectively. In the conclusion, campaign suggestions as well as a structure for formulating and measuring marketing campaigns are proposed, demonstrating how this knowledge can help SL Benfica to improve the results of its CRM operations.

## **Chapter 2 - Literature Review**

### **Chapter 2.1 – *Role of marketing campaigns in the CRM of organizations***

Customer Relationship Management can be defined as “the core business strategy that combines internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and support by information technology” (Buttle, 2009). One can add that, feeding on the customer related data collected by CRM expertise, an enterprise can have access to specific information on the customer preferences prior to any contact and, because of that, target marketing campaigns that better suit their needs (Laketa, Sanader, Laketa, & Misic, 2015).

Although this business strategy is still debated among scholars (Adamson, Jones, & Tapp, 2005), there are studies on CRM usage across varied industries revealing many companies who acknowledge its value and importance (Eckerson and Watson 2001). American Airlines, for example, uses CRM technology to identify the clients that bring the most value and devise them special offers that can be communicated through marketing campaigns (Nairn, 2002)

### **Chapter 2.2 – *CRM in the football industry***

Applying CRM theory to football materializes in a customer-centric approach – or fan-centric approach – that can help in the segmentation of customer sport preferences, allowing clubs to provide fans a better experience and exploit further business opportunities (Palsa, 2015).

Nonetheless, the specificity of football and its fans requires a focused reflection when developing or implementing CRM techniques (Adamson et al., 2005) namely: the notion of loyalty, which may be pointed as a core aim of any customer-centric strategy, and might have different meanings for business and for football; the differences and similarities between “customer”, “fan” and “member” (both from the club and the client’s perspective); and finally, the information technology (how and from where it is gathered, how and where is it stored, where it can be applied, etc.).

At this point, it is relevant to take inventory of all forms of interaction between the clubs and their identified target segments. Tapp and Clowes (2002) propose a segmentation framework for club supporters, clustering them according to geodemographics, psychographics, loyalty, supporter usage levels - or value to the club - and supporter needs. However, this document will focus solely on the channels that a club can use to reach its customers (more specifically, e-mail and SMS), regardless of the characteristics of the group they belong to.

### **Chapter 2.3 – *E-mail campaigns***

“Outbound e-mail marketing is the way to promote any business online by sending e-mails to current or potential customers. These e-mail campaigns are used as a form of direct marketing to encourage trial and purchases and as part of the CRM dialogue” (Chaffey et al., 2006). What makes this option very attractive for companies is the reduced marginal cost of sending an e-mail, which enables the possibility of profit even at a low conversion rate (Kanich et al., 2008). This also explains the advent of unsolicited e-mail (spam) which contributes for customer aversion to e-mail marketing (Goodman & Rounthwaite, 2004).

On the other hand, there are also studies that prove the beneficial outcomes of e-mail marketing on customer loyalty, affirming that customers who were engaged via e-mail enjoyed communicating with the brand (not only about product offering) and were more willing to visit retail stores and recommend it to friends (Merisavo & Raulas, 2004).

One way to improve the customer experience is by utilizing permission marketing where “customers agree (opt-in) to be involved in an organisation’s marketing activities, usually as a result of an incentive” (Chaffey et al., 2006). This method should bring advantages for both the customer – who only receives the information he wants to know – and the company – that can better direct offers and have a higher chance of getting favourable responses from customers.

### **Chapter 2.3.1 – *A framework for E-mail campaigns***

A possible approach on developing and managing an advertising program is suggested by Kotler and Keller (2012) and involves applying the “Five Ms of Advertising” framework which recommends managers to define the advertising objectives (the “mission”), the amount and destination of funds (“money”), the intended “message”, what “media” support should be used and how should results be “measured”. This approach can be applied specifically in e-mail marketing.

In fact, Budac (2016) suggests a method for achieving successful e-mail marketing campaigns which somewhat resembles Kotler and Keller’s approach and is composed of several different phases: setting clear objectives for the campaign, creating the necessary databases to support and provide information, segmenting this e-mail lists based on the intended outcomes of the campaign, creation of responsive e-mails, using clear, concise and relevant content and subject lines, customizing the e-mail and use clear “call-to-actions” and finally, testing and measuring e-mail campaigns using appropriate metrics.

When setting goals, managers should consider the customer needs, so that they can devise the offer that provides the most value (for customer and company alike). When addressing the issue of creating a database, one of the central aspects should be to install a permission marketing technique that grants the possibility of opt-in or opt-out of the mailing list whenever the customer desires. According to Godin (1999), “permission-based marketing has three main features: anticipating (consumers expect to hear about brand), individuality (marketing messages directly addressed and customized to each target client) and relevance (the client receives information that interests him, that are relevant to himself)”. Regarding segmentation of the e-mail list, it should depend both on the individual’s characteristics and on the campaign’s objective (e.g.: if the club wants to promote the “family stand” in the next home game, maybe it should send an e-mail mentioning this campaign only to subscribers that are listed as “having

kids”). The creation of responding e-mail involves both the content and the means in which it is sent. Knowing that a large part of e-mail content is read in mobile devices (eMailmonday 2017), it should be prudent to adapt the content to this mean. Furthermore, Budac (2016) advances that the e-mail’s content should be concise and in accordance to customer’s expectations - it should not exaggerate nor understate its offering/communication. The same principle can be applied to the subject line, that should be limited to 10 words with the aim of increasing the open rates whilst not losing the customer interest. Regarding customization, the advice is to focus on personalizing the offer to the target as much as possible, leveraging on the database knowledge.

Since e-mail campaigns work as a mean to drive the customer to do something, it should specify what he must do next (to buy, to enroll, to sign in, etc.) and provide the necessary link to complete this action. A way to further increase campaign effectiveness could be to try different types of content (or any other variable element) by comparing two distinct e-mail versions and see which performs better (i.e. split testing). Finally, in what regards measuring of e-mail marketing campaigns, it is critical that all metrics are generated automatically and directly uploaded into the database. These metrics are the “delivery rate” (how many people receive the e-mail), “bounce rate” (the opposite of the delivery rate), “open rate”, “click-through rate” (“number of people who click through on the email, of those delivered” - (Chaffey et al., 2006)), “forwarding rate” and “conversion rate” (“the percentage of those in the audience who received the email, clicked on a link in the email and who responded to a call-to-action” (Budac, 2016)). Regarding the analysis, a critical success factor is the inclusion of experiment and control groups. The two groups should be randomly selected and identical in every aspect that directly impacts the research, differing only in the exposure to the manipulation of the independent variable (i.e. the e-mail campaign) – just the experimental group is exposed. The control group may be generated, for example, by “reserving” always the 10th person when collecting

customers for the targeted sample, making sure that there is no possibility of contagion between clusters. Then, by contrasting results on both groups, it is possible to assess the impact of the e-mail campaign on the behavior of readers (Saunders et al., 2007).

#### **Chapter 2.4 – SMS campaigns**

SMS is one of the most engaging types of communication channels exhibiting a very quick responsive rate and high daily usage (CTIA, 2017). Similarly to e-mail, mobile marketing includes benefits such as swift interaction with a large pool of customers at a reduced cost, enablement of high levels of customization and facilitate responsiveness between customer and businesses alike (Jayawardhena et al., 2009). Nonetheless, Amin, Amin and Patel (2015) alert to the fact that even though SMS has high usage levels, this does not mean that it influences consumer behavior on SMS marketing. This might be due to the SMS market still being considered as a novelty for consumers who utilize it, in large part, only for socialization purposes. Once again, the subject of permission is very relevant, with many countries possessing legislation enforcing it on SMS marketing campaigns (Siyavooshi et al., 2013). Thus, marketers should be extra-careful when addressing customers and make sure that the advertisements sent are relevant for the receiver which, if designed correctly, can enhance the probability of acceptance and even be forwarded to friends, bringing in extra awareness and revenue for the company (Amin et al., 2015). In fact, due to the simplicity of forwarding a text message and the potential it conveys for finding new prospects, marketers could use strategies such as referrals to further encourage this action. Ascarza, Ebbes, Netzer and Danielson (2017) findings suggest that even people who do not receive the campaign directly may still be exposed to its effects if they have a social connection with the targeted customers, estimating an indirect impact of 28% that of the targeted customers.

### **Chapter 2.4.1 – A framework for SMS campaigns**

Grounded on Kotler's "Five Ms of Advertising" model and on Kavassalis work (Kavassalis et al., 2003) that divided mobile marketing campaign management into four distinct stages (i.e. campaign Design, Development, Execution, and lastly, Tracking, Analysis and Reporting), Karjaluoto, Lehto, Leppäniemi and Mustonen (2007) propose a six-step method for mobile campaign management: Planning, Execution of the message, Technical Infrastructure, Testing, Execution of the campaign and Follow-up and Evaluation.

On the planning phase, the campaign goals are set, followed by target selection, budgeting and design of the message's content. Since mobile marketing seldom works by itself, connections to other media should also be considered. Finally, still in the planning phase, a decision between the campaign type – Push, where "consumers of the message act as passive recipients", or Pull, where the "consumer is proactive in selection of the message" (Chaffey et al., 2006) – must be made by the management team. After this, the message execution stage involves drafting the text (or overall content) that is to be sent to customers. The third stage refers to the technical infrastructure required to exchange the messages. The testing phase involves assessing message receptivity, proof-readings and examinations of overall content and appearance. In the fifth stage, the campaign ought to be executed following a specific campaign logic that must assure that customers know what information they need to provide on request. Additionally, the company should guarantee that all interactions are registered, put in storage and easily accessible (Sinisalo, 2010). Finally, the follow-up and evaluation phase is where the campaign is measured (counterweighting the effort put and the results achieved, aligned with the campaign's initial objective) and reports are constructed for further learning on the up and down sides of the experience. Once again, one best practice is to implement both experimental and control groups. Furthermore, the study advises carefulness when using mobile marketing, recommending that it is used simultaneously with other media and integrated into other

marketing channels since SMS works best as mean to get the customer somewhere, rather than an end by itself. It also highlights the danger of sending too many messages, which might create the customer-terrifying “blizzard effect” (Karjaluoto, Lehto, Leppäniemi, & Mustonen, 2007).

### **Chapter 2.5 – *Improving the analysis of SL Benfica’s CRM marketing campaigns***

Altogether, this know-how can be applied by SLBenfica’s CRM department since it provides two very clear approaches on how to better implement, manage and analyse e-mail and SMS marketing campaigns. SL Benfica can diligently comply with every stage of the process and, in the end, evaluate the campaign in the light of the proposed measures and KPI’s, being assured that the campaigns were developed under CRM doctrine.

### **Chapter 3: Conclusions and Recommendations**

Based on the literature review, the following ten-step framework for implementation and analysis of marketing campaigns (Figure 1) is proposed: (1) Start by establishing the overall objectives and costs of the marketing campaign (e.g.: increase awareness of RedPower, reduce member churn, convert fans into members). Then, (2) select the campaign’s target. After this, (3) define what is going to be offered to the customers, which should be tailored to the target’s preferences or needs. In the fourth stage (4), management should choose the communication channels. E-mail can contain more information, is more easily trackable, and its associated costs are very small. SMS is highly engaging, doesn’t require an internet connection and its content is, most of the times, more simple and plain. Depending on the objective of the campaign one channel (or a combination of both) should be selected, always bearing in mind that their impact is maximized when used as call-to-action vehicles. The fifth stage (5) regards the actual conception of the message, which should be concise and clear on the specification of the offer, why is the customer receiving it, what should be his next action and whether he can opt-in or out of the messaging list. The message should be adapted to mobile devices. After this stage,

segment the database and identify the desired target, creating an experimental and a control group, which shall not receive the message and must be protected from contagion (6). Afterwards, set the start and end dates of the campaign (7). With all of this completed, launch the campaign (8). Terminate the campaign (9) and check the results by assessing the channel's delivery, bounce, open, click-through, forward and conversion rates. The results of both the experimental and control groups should be compared to evaluate if the campaign was, indeed, a differentiating factor on customer attitude. Evaluate and present results to the CRM head of department and upper management (10).

Furthermore, based on the analyses perpetrated on the data conceded by the client, the team was able to formulate eleven different campaigns (which are available in the final group report) signaling potential customer clusters segmented according to value added to the club (in membership fees, merchandising, ticketing, RedPass and other extras like "Quota Modalidades"), demographic characteristics and churn (which, in this case, refers to members that stop paying fees).

For example, one of the team's proposals is an e-mail and SMS campaign that promotes children merchandising products targeted at members who already attended matches in the "family stand" and is set during months of festivities (like December/Christmas and June/Children's Day). The e-mail is sent when the campaign starts, and the SMS is sent closer to the date, acting as a reminder. Another projected campaign is the "Three Generations Day" whose objective is to increase the number of new members by promoting an interaction between Benfica members inside their own family, at Estádio da Luz. This event ought to be held during the months of reduced stadium usage (June and July) and targeted to members who went to matches accompanied by family. The mechanics involve an announcement on social platforms in May; an e-mail invitation two weeks prior to the event; and a SMS sent some days before where members can confirm their presence or drop-out. In both campaigns it is suggested that

metrics such as open and click-through rates are evaluated as well as assessment of the contrast between the test and control groups in what regards sales, member enrolment or others.

This project faced some limitations in what data is concerned. Overall recommendations should be based on knowledge generated by the literature review and by accessing SL Benfica's database. However, the figures shared with the group only enabled the formulation of future campaigns, since it excluded historical data on previous campaigns.

In the beginning of the project, SL Benfica's management conceded that their CRM department's campaigning process was executed manually (i.e. not automatically generated and measured), there was no defined pathway and was irregular in what regards objectives, target, dates, duration and content. Furthermore, they were unable to effectively compare results between campaigns since the only metric subject to evaluation was sales revenues.

However, leveraging on both this document's recommendations and the work that the Field Lab team performed upon the collection of data that was provided, SL Benfica should now possess enough information to devise targeted marketing campaigns and effectively measure its results, culminating in the identification of best practices and improvement points in ongoing campaigns, which increases learning outcomes and, in the long-term, commercial results.

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**Chapter 5: Appendices**

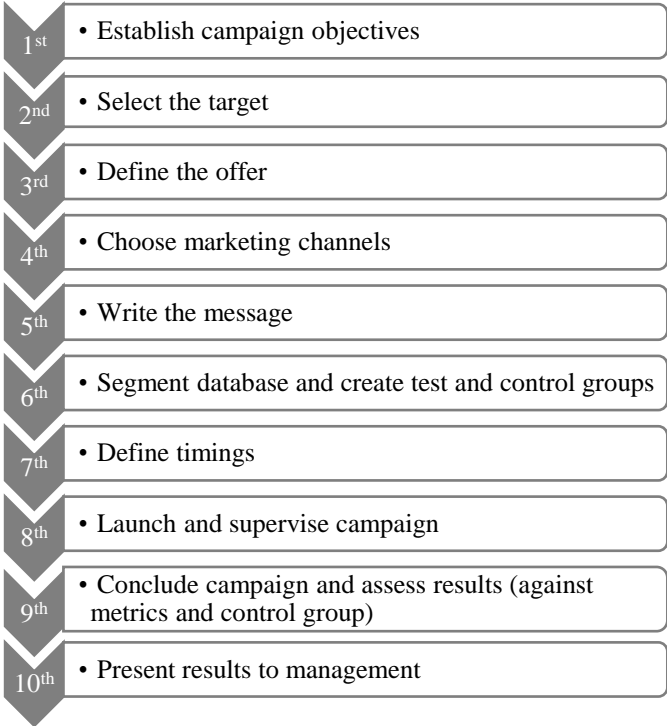


Figure 1- Framework for implementation and measurement of marketing campaigns