



**PERSONALIZATION IN EMAIL MARKETING IN THE COSMETICS INDUSTRY  
AMONG B2C CONSUMERS**

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## ABSTRACT

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The aim of this thesis is to study the effect of personalization on consumer engagement when used in email marketing. The analysis was conducted in the context of the cosmetics industry. To establish a guideline, the main research question formulated is the following: how do B2C companies use personalization in email marketing to enhance consumer engagement in the cosmetics industry?

The literature review, aiming to highlight existing theories on the subject, is built on three pillars: the definition of email marketing as a marketing tool used by B2C companies, the notion of personalization and its use in email marketing and the concept of consumer engagement which is at the heart of the companies' objectives. In addition, a fourth and final part is dedicated to the challenges faced by companies wishing to integrate personalization into their email marketing strategy.

As for the empirical part, it is composed of three studies that are conducted on the email marketing basis of a world leader in beauty. All three were subjected to an A/B test to measure the effect of personalization on recipients and their engagement through open rate, click rate and conversion rate. Informative personalization and non-informative personalization are studied in separate studies to analyze the effect of each on the recipient. The results of the studies show that the use of informative personalization in the subject line and body of the email has a positive effect on the open rate and click rate as recipients are more likely to open the message and click on the content. However, the conversion rate is not impacted by the use of informative personalization unlike non-informative personalization which leads to a higher conversion rate when used in an email. The open rate is also higher when non-informative personalization is used but this is not the case for the click rate.

Our analysis therefore reveals the different effects of personalization depending on the type used and gives insights to companies who wish to implement it in their email marketing strategy according to their objectives.

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## TABLE OF CONTENTS

### ABSTRACT

### ACKNOWLEDGEMENTS

1.	INTRODUCTION.....	7
1.1.	Background .....	8
1.2.	Preliminary literature review .....	9
1.3.	Research questions .....	11
1.4.	Delimitations .....	13
1.5.	Theoretical framework .....	14
1.6.	Definitions .....	15
1.7.	Research methodology .....	17
1.8.	Structure of the study .....	18
2.	LITERATURE REVIEW.....	19
2.1.	E-mail marketing .....	19
2.1.1.	General definition .....	20
2.1.2.	Role of email marketing in the cosmetics industry .....	21
2.2.	Personalization .....	22
2.2.1.	General definition in marketing context.....	22
2.2.2.	Personalization in e-mail marketing.....	25
2.2.3.	Personalization implementation in e-mail marketing.....	27
2.3.	Creating and achieving consumer engagement .....	29
2.3.1.	Definition of consumer engagement .....	29
2.3.2.	Consumer engagement in e-mail marketing.....	31
2.4.	Challenges .....	34
2.4.1.	Opt-in/opt-out.....	34

2.4.2.	Trust.....	35
2.4.3.	Overload .....	37
2.5.	Summary of hypotheses .....	38
3.	RESEARCH DESIGN AND METHODS .....	39
3.1.	Research context/case description.....	39
3.1.1.	Case company Introduction.....	39
3.1.2.	Objectives .....	40
3.2.	Data collection methods .....	42
3.3.	Data analysis methods .....	44
3.4.	Reliability and validity .....	45
4.	FINDINGS .....	46
4.1.	Study 1: informative personalization in the subject line of the email 46	
4.2.	Study 2: informative personalization in the body of the email .....	48
4.2.1.	First sending .....	49
4.2.2.	Second sending.....	50
4.2.3.	Results of both sendings.....	51
4.3.	Study 3: non-informative personalization in the subject line of the email 52	
4.4.	Hypothesis testing .....	53
5.	DISCUSSION AND CONCLUSIONS.....	55
5.1.	Summary of the findings .....	55
5.2.	Theoretical contributions.....	56
5.3.	Practical implications .....	63
5.4.	Limitations and future research.....	65
	LIST OF REFERENCES .....	68

## APPENDICES

### Appendix 1. Personalized emails sent in study 2

## 1. INTRODUCTION

Brands are constantly looking for new ways to communicate with their potential buyers in order to raise awareness of their brand, recruit new buyers or retain others. The new tools used are based on the use of data collected on users in order to offer them tailor-made content likely to seduce them. Personalization then comes into play to interact with consumers in a privileged and dynamic way by offering content adapted to the needs, desires, and characteristics of each user. This individualized service makes it possible to create or strengthen the link between brands and their targets. By encouraging this interaction, brands aim to strengthen consumer engagement by encouraging the consumer to participate in this exchange initiated by the brand.

Direct marketing relies heavily on personalization by being as close as possible to the consumer. Email marketing in particular is a communication tool that makes extensive use of personalization, both to target users in the most relevant way and to send them tailor-made content. To measure the impact of their communication work, companies analyze consumer engagement metrics such as open rate, click rate and conversion rate. This analysis is particularly true in the cosmetics sector, where the seduction of the online buyer is all the more difficult because the user does not have the opportunity to feel, apply or test the product. Unlike a clothing brand, the consumer cannot imagine the smell or texture of a cream, for example, through simple photos. Online communication therefore represents a real challenge for brands operating in this sector with their consumers. The work of collecting data, analyzing it, and using it requires time and a dedicated budget from companies.

The benefits of personalization are undeniable but so are the obstacles it faces. Indeed, personalization in email marketing cannot take place without an established base of users who have agreed to receive communications. To obtain their consent, it is important that a relationship of trust is established. This includes the reputation of the brand. It is then a question of maintaining this relationship so that users do not unsubscribe. The frequency of communications and their content play an important role in this reversible subscription that brands would prefer to be irreversible.

This thesis studies personalization in email marketing in the cosmetics industry among B2C consumers. Personalization will be defined from the consumer's point of view to understand the relationship between brands in the cosmetics industry and consumers. On managerial perspective, this thesis aims to help companies to use personalization in an efficient and adapted way in their email communications while avoiding abusing it at the risk of scaring away users flooded with information every day. The limits of personalization will also be discussed in order to understand and provide future research on the subject.

### 1.1. Background

As an effective and inexpensive marketing communication tool, email marketing is at the heart of the concerns of companies that face an increasing competition on this coveted channel. (Allen, 1997) The share of turnover generated by companies through this channel is growing and the long-term relationship that is created is undeniable. However, in order to take advantage of these benefits, it is essential for companies to be aware of the positive and negative effects that the creation of individualized content can have on the consumer. Few studies have investigated the effects of personalization in email marketing from the consumer's perspective. And the few existing (Tam and Ho, 2005; Sahni, Wheeler and Chintagunta, 2018) have focused on very specific examples such as subject lines or the mentioning of recipients' first names without addressing the topic in a broad way by comparing informative personalization with non-informative personalization. A comparison between these two types of personalization is lacking in the literature and the exact impact on consumer engagement is not known precisely on the open rate, click rate and conversion rate. This thesis aims to understand personalization in both aspects and to see the impact it can have on the consumer.

This thesis addresses the question of the effects of personalization on consumer engagement in email marketing and more specifically how this tool can be used to enjoy positive effect and benefit brands. The literature review highlights the different definitions of key words such as personalization, consumer engagement and email marketing and opens up the question of the link between these notions whose association has been little studied. The contribution of this thesis lies in the study of the objectives, advantages but also challenges



of bringing together these three concepts which can bring added value to a brand and its marketing strategy as well as to the consumer.

## 1.2. Preliminary literature review

The theoretical part is divided into four main parts, three of which are dedicated to a key notion of the subject of this thesis and the last one focusing on the challenges of combining these 3 variables. The sources used to lay the foundations of our analysis are mainly from journals such as *Journal of Marketing research*, *Journal of Research in Interactive Marketing*, *Journal of Consumer research*, *Journal of Marketing*, or *Journal of Business research*. However, the literary resources used to develop this theoretical part are varied. Statistica is a major source in our study in terms of quantitative analysis, particularly on emailing or the global cosmetics market on ecommerce. In addition, theories taken from institutional books on marketing were mentioned, such as Allen's Direct Marketing (1997), Petty and Cacioppo's (1986, 1983, 1990) writings on the elaboration likelihood model, which is widely studied by companies seeking to attract customers, and Godin's (1999, 2007) writings on permission marketing.

The first chapter introduces the concept of email marketing by relying mainly on the definition of Merisavo and Raulas (2004) who wrote a research paper on the impact of email marketing on brand loyalty. The definition of this marketing tool also goes hand in hand with the notion of direct marketing widely discussed by Allen (1997). All agree that email has become a preferred means of interacting with consumers by offering them quality content instantly at low cost to the company. De Bruyn and Lilien (2008) and Miller and Charles (2016) are also quick to point out that the perceived benefits of email marketing would be nil without the recipient's decision to receive and open communications. The end of this chapter focuses on the role of email marketing in the cosmetics sector in order to identify the specifics of this highly competitive field (Merisavo and Raulas, 2004; Kumar, Zhang and Luo, 2014). The studies carried out by Statista Research Department (2022a, 2022c) are then valuable in analyzing the growth of this sector which is now undeniable but deserves special attention because of the importance of experiential marketing (Wu and Lee, 2015).

The second chapter explores the notion of personalization by first defining it in a general way in a marketing context by retaining that of Tam and Ho (2005, p. 271) who describe it as a means of interacting with the customer by offering "the right content in the right format to the right person at the right time". The difference established between informative and non-informative personalization by Sahni, Wheeler and Chintagunta (2018) will also be at the heart of our study while referring in parallel to the Elaboration Likelihood Model by Petty, Cacioppo and Abraham (1986). This model, which highlights two forms of processing, central and peripheral routes, is essential in understanding personalization as a tool for persuading and seducing the consumer. This tool is explored in more detail in the context of email marketing at the end of this chapter with attention to the different ways it can be used in terms of text, images and offers. (Tam and Ho, 2005). Regardless of the format used, personalization contributes to the increase in perceived self-relevance according to the theories of several authors such as Wheeler et al. (2005) or Staats and Staats (1958) even though their writings are more than fifty years apart. The quantitative metrics to measure the effect of personalization in email marketing on consumers are then identified by crossing the text of Sahni, Wheeler and Chintagunta (2018) and Kumar, Zhang and Luo (2014): open rate, click rate and conversion rate. As for the implementation of this persuasion tool as defined above, our attention was focused on Fan and Pool's (2006) implementation classification scheme based on three choices to be made for an optimal implementation: the choice of elements to be personalized, the choice of target and the choice of initiator. Muller et al (2008) and Mialki (2019) also insist on the use of efficient software and data collection work to achieve a relevant segmentation where personalization can play its role.

The section on personalization is followed by the chapter on consumer engagement which is the last key concept of our topic. This concept has been defined widely and in different ways making it difficult to understand. However, associated terms such as digital consumer engagement (Brodie et al., 2013) or brand consumer engagement (Hollebeek, Glynn and Brodie, 2014) help to understand the relationships and interactions between brands and consumers. In parallel, Bowden's model (2009) complements the previous definitions by stating that consumer engagement is a temporal process of building consumer loyalty. By looking at this notion in the context of email marketing, different models allow us to highlight three key metrics for measuring consumer engagement. By crossing Chittenden

and Rettie's (2003) model on the three stages of capturing consumer interest, the cost/benefit framework of Ratchford (1982) and De Bruyn and Lilien's (2008) model, the open rate, the click rate, and the conversion rate emerge as the quantitative references of consumer engagement.

Finally, the last part focuses on the challenges of implementing and using personalization in email marketing. The first challenge mentioned is opt-in and opt-out, both of which rely on the consumer's decision to sign up for a newsletter programme. The need for companies to obtain the consent of the latter gives users a formative position (Belanche, Flavián and Pérez-Rueda, 2019). Once the consumer's consent has been obtained, the difficulty that follows is to retain it and make the recipient want to remain in the database so that they do not opt-out. Several factors such as the design of the email, intrusive communications (Marinova, Murphy, and Massey, 2002) or poorly targeted communications (Krishnamurthy 2006) can be reasons for a change of mind by the recipient. The second challenge is to gain the trust of the consumer, both to gain consent (Jayawardhena et al. 2009) and to build loyalty. (Müller et al., 2008). Maintaining a trusting relationship with the customer is essential in general (Bart et al., 2005) but it is even more so for personalization which relies on customers' personal data (Brooks, 2018). Reputation (Cases et al., 2010), email content that needs to deliver on its promise (Venkatesan and Kumar, 2004) and the proper use of data to avoid appearing intrusive (White et al, 2007) are all issues addressed in this sub-section on the importance of trust. The last challenge mentioned is the consumer's perceived overload. Indeed, each user of an email box can quickly find themselves in numerous newsletter programmes which can generate a feeling of over-solicitation and irritation which can lead to unsubscribing (Brooks, 2006; White et al., 2007).

### 1.3. Research questions

This thesis aims to study the effects of the use of personalization on consumer engagement by B2C companies operating in the cosmetics sector in their email marketing strategy. Consumer engagement is evaluated under quantitative metrics such as open, click and conversion rates alongside the Elaboration Likelihood Model (Petty, Cacioppo and Schumann, 1983) to understand the attitude of consumers when they receive a personalized email. Furthermore, this study highlights the different forms of personalization used by B2C

companies in the cosmetics industry. Based on the literature review, the following research question and sub questions were formed. The main research question is:

How do B2B companies use personalization in email marketing to enhance consumer engagement in the cosmetics industry?

The following 4 sub-questions support the main research question to understand the relationships between the key elements related to email marketing, personalization, and consumer engagement:

1. How is email marketing used by B2C companies?
2. How is personalization affecting email marketing?
3. How is email marketing supporting consumer engagement?
4. What are the main challenges when using personalization in email marketing?

RESEARCH QUESTION	THEORY	CONCEPT(S)	EMPIRICAL DATA
<b>Main RQ:</b> How do B2C companies use personalization in email marketing to enhance consumer engagement in the cosmetics industry?	Email marketing, consumer engagement	Personalization, relationship management	A/B tests on Kiehl's base
How is email marketing used by B2C companies?	Direct marketing	E-commerce, permission	

How is personalization affecting email marketing?	<ul style="list-style-type: none"> <li>• Elaboration Likelihood Model (ELM) developed by (Petty and Cacioppo 1986)</li> <li>• Self-concept</li> </ul>	Persuasion, peripheral route, central route	
How is email marketing supporting consumer engagement?	<ul style="list-style-type: none"> <li>• A conceptual framework for the process of engagement (Bowden, 2009)</li> <li>• Email marketing response process model by Chittenden and Rettie (2003)</li> <li>• Cost/benefit framework of Ratchford (1982)</li> </ul>	Opening, clicking, conversion, purchase	
What are the main challenges when using personalization in email marketing?	Trust, overload	Opt-in/out, consent, intrusiveness	

Table 1. Thesis matrix

#### 1.4. Delimitations

This research is limited to the study of companies operating in the cosmetics sector in a B2C context and therefore in direct contact with consumers. It focuses on the use of personalization in the sense of creating content adapted to each target buyer but does not go into detail on the subject of targeting. This notion is closely related to personalization, but the study is limited to the effects of the communication received by the user on the latter and does not elaborate on the creation of user segments. Thus, the foundations of this thesis are based on consumer engagement, personalization, and email marketing, with a focus on the positive contributions that these three notions can have for a brand and its marketing strategy.

As for the empirical part, it is limited to the study of the case of Kiehl's which is a skincare brand of the L'Oréal group. As a fast-growing brand with an online marketing strategy based on paid media, social media and email marketing, this study provides an analysis of the effects of the personalization it uses to address its base. Kiehl's has agreed to share the quantitative results of its newsletters but has not communicated the information related to the users constituting its base for reasons of confidentiality. The empirical share analysis therefore focuses on the base as a whole, giving no indication of the type of customer who responded to the emails, such as their gender or age.

### 1.5. Theoretical framework

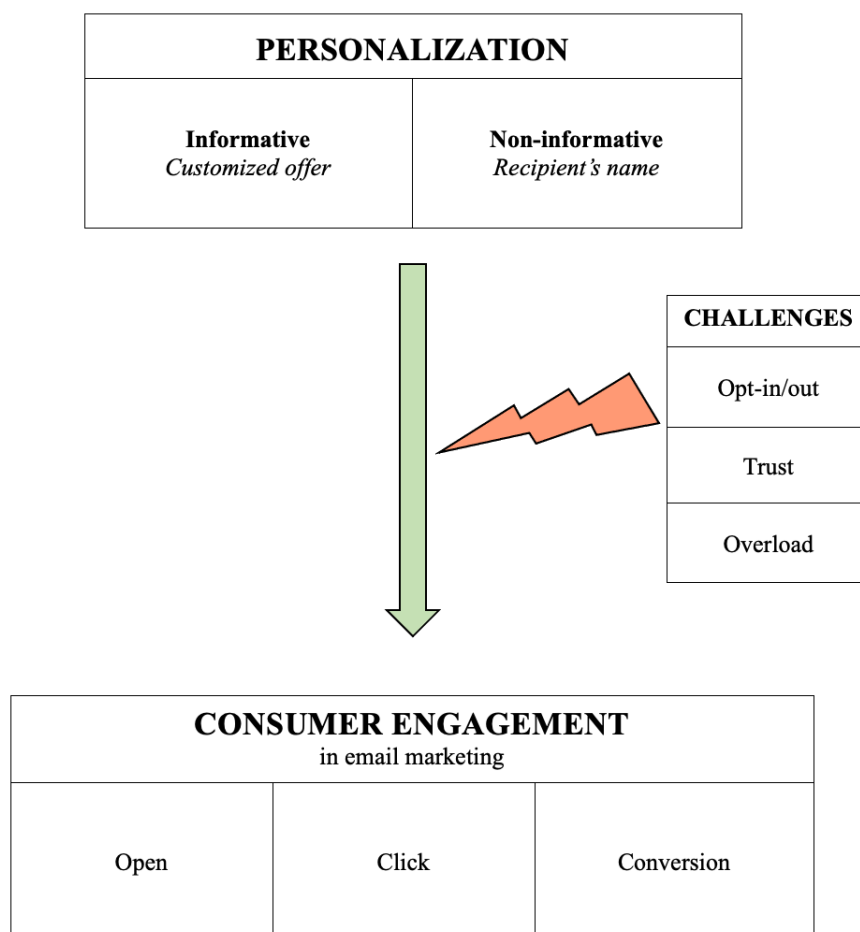


Figure 1. Theoretical framework

According to Figure 1, two types of personalization emerge from our literature review: non-informative personalization, which incorporates elements that refer directly to the consumer without the purpose of providing new information to the consumer, and informational personalization, which generates content that markets the consumer's preferences with the purpose of explicit persuasion. To illustrate non-informative personalization, the sending of customized offers is a very good example. Regarding non-informative personalization, the mention of the recipient's first name is the most common use of this type of personalization.

Returning to the framework above (Figure 1), these two types of personalization are thought to affect consumer engagement measured by three quantitative indices in the context of email marketing: the open rate, the click rate, and the conversion rate. Indeed, an email using one of these two forms of personalization in the subject line, which is the only element visible with the sender's name in the consumer's mailbox, is more likely to have a high open rate than an email without personalization. Similarly, a personalized email is more likely to generate clicks than a generic email that has not been customized for the customer. Finally, the consumer is more likely to make a purchase following the receipt of a personalized email with content specifically addressed to them than following a general email that is not necessarily tailored to them.

This framework also highlights the challenges faced by companies operating in the cosmetics sector and using or wishing to use personalization in their email marketing tools. Obtaining the consumer's consent to receive email communications, keeping them in the database, building a long-term relationship of trust with them by maintaining a regular link while not being oppressive to the consumer are all issues that companies need to keep in mind to benefit from the presumed positive effects of personalization.

## 1.6. Definitions

In order to understand the issues at stake and the analysis that will follow in this study, the key concepts of the subject are defined below, drawing on previous research on these notions.

Direct marketing is defined by Allen (1997) as “any form of one-to-one communication with potential customers [...] to keep open a dialogue that is vital in long term relationship building”.

Email marketing is an efficient tool for companies to establish a relationship with their potential customers and to influence their consumer behaviour (Kumar, Zhang and Luo, 2014) by sending emails using a specific software with commercial intentions that require pre-approved permission from the recipient (Ryan, 2017).

Consumer engagement is defined as a positive interactive experience both emotional and behavioral between the brand and the consumer which opens the doors to more sustained engagement (Brodie et al., 2013; Harrigan et al., 2018; Hollebeek, Glynn and Brodie, 2014)

Open rate is a metric to measure the percentage rate at which an email has been opened. (Bilos, Turkalj, & Kelic, 2016) It is considered as the first step or trigger factor in the consumer engagement process in email marketing. (Chittenden and Rettie, 2003) The opening stage is called the "awareness stage" in the process described by De Bruyn and Lilien (2008, p. 153) because once a consumer receives a commercial email, he/she decide whether or not to open it to know the content and follow the customer journey.

Click rate is a metric to measure the percentage rate at which an email has been clicked. De Bruyn and Lilien (2008, p. 153) calls this moment when the consumer knows the content of the email and decides to click on one of the elements, the "interest stage".

Conversion rate is a transactional metric to measure the percentage rate at which an email has generated purchases (Kumar, 2021). It analyses the attitude of the consumer when he/she has proceeded to purchase by clicking on the measured email. This purchase action is considered the final decision of the consumer engagement process in email marketing (De Bruyn and Lilien, 2008).

Personalization is a way of interacting with customers by offering "the right content in the right format to the right person at the right time" (Tam and Ho, 2005, p. 271). In the case of email marketing, it is more precisely the incorporation of elements that explicitly refer to a



person (Dijkstra, 2008) or the creation of content which is personally targeted to a person. (Sahni, Wheeler and Chintagunta, 2018)

Opt-in is the action for a consumer to give his/her permission to receive marketing messages from a brand. On the contrary, opt-out is the action to stop receiving marketing communication from a brand. These actions are characteristics of permission-based marketing such as email marketing. (Godin, 1999).

Trust is defined as the belief that this other party is a source of reliability and integrity. Being trustworthy is very linked to qualities such as being "consistent, competent, honest, responsible, fair, helpful and benevolent". (Morgan and Hunt, 1994, p. 23)

Overload is defined by three characteristics by Soucek and Moser (2010) in the context of email communication: large amount of incoming information because of the ease to send and receive emails, inefficient workflow which means that people find it difficult to deal with so many messages and deficient communication quality that causes disappointment to the recipient.

An A/B test is “a marketing technique that involves comparing two versions of a web page or application to see which performs better. These variations, known as A and B, are presented randomly to users. A portion of them will be directed to the first version, and the rest to the second. A statistical analysis of the results then determines which version, A or B, performed better”. (AB Tasty, 2022)

### 1.7. Research methodology

The research method of the thesis comprises three studies as three different analyses were conducted to answer the six hypotheses. The three analyses were carried out using the same method i.e., an A/B test to compare the performance of an email with a certain type of personalization with a generic email without personalization. The Kiehl's database was used to conduct this research with different segmentations decided by the brand for each experiment in order to best observe the effects of personalization.

Study 1 studies the effect of informative personalization on consumer engagement in the subject line. A generic email is sent to a part of the base while the other part of the base receives an email with a personalized subject line according to the consumer's preferences and expectations.

Study 2 is based on the same principle, with an email with personalized information, this time in the body of the email, which is sent to a part of the database according to the ranges preferred by the recipients, and another generic email sent to the rest of the database. The brand decided to send a reminder of this email which used the new segmentation by franchise to validate the results used in the first mailing.

Study 3 analyses the effect of using non-informative personalization in an email on consumer engagement, using the first name as an example of this type of personalization. An email mentioning the recipient's first name in the subject line was sent to a part of the database while another part received an email without mentioning the first name.

In these three studies, consumer engagement was evaluated using three key metrics: open rate, click rate and conversion rate. We collected this information for the three studies by asking the agency that handles the programming of the Kiehl's emails to communicate them to us three days after each sending in order to have enough hindsight on the performance of the sendings.

#### 1.8. Structure of the study

The paper begins with a literature review of the existing literature on the subject of this thesis. It is divided into four main parts, the first three of which focus on key concepts of the subject and the last one focusing on the challenges encountered when using personalization in email marketing. The first part deals with the first key concept of this research paper: email marketing. A general definition of this concept is established based on the literature resources written on the subject before going into more detail on the role of this marketing tool in the field of cosmetics which is our research sector. The second part deals with another

key notion of the subject which is personalization. As in the previous part, a general definition is drawn from the different sources used on the subject before focusing on this notion in the context of email marketing and highlighting two types of personalization: informative personalization and non-informative personalization. This part closes with a focus on the implementation of this tool by companies. Consumer engagement is the key notion at the heart of the third part. Again, a general definition followed by a more specific one in the context of email marketing are provided, drawing on various established theories on the subject, before arriving at the final part of this literature review highlighting the challenges generated by the use of personalization: opt-in/out, trust and overload.

After stating the hypotheses, the research design and methodology is detailed with a description of the Kiehl's case in terms of email marketing, the list of objectives of this study for the brand, the data collection method and the data analysis method used for the three studies while specifying the reliability and validity of our study.

The three studies are then carried out and the data analyzed in order to transcribe them in the fourth part devoted to findings. The hypotheses are tested one by one, and the results are presented.

The thesis concludes with a presentation of the implications of the analysis carried out and the theoretical contributions on the subject. In addition, the limitations of our study are clearly stated with suggestions for future research and study.

## **2. LITERATURE REVIEW**

This chapter aims to bring together existing models and theories on the subject of personalization used in email marketing in order to gain insights to formulate our hypothesis.

### **2.1. E-mail marketing**

In order to understand the ins and outs of the subject, the key concepts are studied one by one to provide a general definition and then more specific to the sector and context studied. Email marketing is the first concept studied.

### 2.1.1. General definition

Email marketing is a tool for companies to establish a relationship with their potential customers and to influence their consumer behavior. (Kumar, Zhang and Luo, 2014) This form of marketing is part of direct marketing which is defined by Allen (1997) as “any form of one-to-one communication with potential customers [...] to keep open a dialogue that is vital in long term relationship building”. This involves sending emails using email software with commercial intentions that require pre-approved permission from the recipient (Ryan, 2017) which will then be considered as an opt-in (Godin, 1999). Once the recipient has given their consent to receive these communications and to entrust personal information, marketing can become more personalized and efficient (Cases et al. 2010).

Since its inception in 1971, email has been a popular communication tool (Miller and Charles, 2016) that has the advantage of allowing regular contact at low cost to their users compared to paper-based communications. (Merisavo and Raulas, 2004) In 2020, 306.4 billion emails were received and sent every day worldwide and this number is only increasing. In fact, the number of global email users is estimated to reach 4.6 billion by 2025. (Statista, 2017) This perpetual increase makes email an effective marketing tool called email marketing. The crisis of the covid-19 has notably participated in recent years to the massive use of email since emails is a tool for remote communication especially between customers and brands. (Goldman, 2020) Email can be used to promote products or services offered by brands (Merisavo and Raulas, 2004) by sharing information about them, by proposing promotional offers or by sending advertisements in newsletters (Anon, 2005). The frequency is determined by the brand and can vary according to the customers and their objective such as attracting consumers or building loyalty (Reichheld and Schefter, 20). Email is becoming a privileged means for brands to communicate with their customer base by sharing personalized content with previously identified targets. (Merisavo and Raulas, 2004). Indeed, 77% of people prefer to receive promotional messages by email than on social networks according to a study conducted by Santora (2019).

This form of direct communication enabled by email marketing is a way to engender brand loyalty (Anon, 2005) by establishing an ongoing connection with customers (Hans Peter Brondmo, 2002). The intensity of the connection is however decided by the recipient who first decides whether or not to open the messages communicated by the brand and then to click on an element contained in the message which will redirect him thanks to the links inserted by the brand towards associated content. (De Bruyn and Lilien, 2008) This is also suggested by Miller and Charles (2016) when they state that an email is effective if it is opened and read by the recipient.

### 2.1.2. Role of email marketing in the cosmetics industry

To understand the role of email marketing in the cosmetics industry, it is important to define the sector. Firstly, Khan and MN (2019) defined cosmetics as products used by consumers to enhance, beautify or care for their physique. According to Statista Research Department (2022d), the main products defining this industry are skincare representing 42% of the global market, haircare, make-up, perfumes, toiletries, deodorants, and oral cosmetics. It is a sector with high-involvement products and strong competition. (Merisavo and Raulas, 2004) The latter is due to the fact that many brands sell the same type of products, and it is crucial to have a strong brand image to influence consumers. (Kumar, Zhang and Luo, 2014).

Although the global cosmetics market experienced an 8% decline in 2020 compared to the previous year (Statista Research Department, 2022) due to a crisis of supply (L'Oréal, 2020), the year 2021 recorded an industry revenue increase of over eight billion dollars (Statista Research Department, 2022a) encouraged by strong consumer demand (L'Oréal, 2020) especially from young consumers. (Statista Research Department, 2022a) This revenue is estimated to exceed \$100 billion in 2022 and reach \$130 billion by 2026. (Statista Research Department, 2022a) According to L'Oréal (2020), this is a dynamic market with long-term potential based on a growing urban population. (L'Oréal, 2020) Considered as one of the fastest growing consumer markets (Statista Research Department, 2022a), the preponderance of social networks as well as the internationalization of companies and the rise of e-commerce are factors influencing the cosmetics sector. The cosmetics sector is driven by an important digital transformation (Ponomareva and Nozdrenko, 2021) due to the

fact that e-commerce is the main distribution channel. (L'Oréal, 2020) The covid-19 crisis has contributed to the digital boom in the sector of pharmaceuticals and beauty aids and is prompting players to increase their engagement with and prioritize digital channels such as email marketing (Gerstell et al., 2020).

According to a Statista report conducted on the year 2020 (2022c), "the online and mail-order sales share of total e-commerce in this segment has increased from around 31 to 38 percent in the same period." Indeed, email marketing is a tool of digital marketing to take advantage of the opportunity that e-commerce represents and create personalized content through data collection. (Lai, 2020) According to a study conducted in Poland, 1 in 5 Poles prefer to receive content about cosmetics via email. (Statista Research Department, 2022b) For companies operating in this sector, it is a tool for cementing customer relationships. (Lai, 2020) Estée Lauder, for example, relies on this form of direct marketing to stay in touch with customers and send them content about the latest product releases, current promotional offers, or personalized discounts. (Ponomareva and Nozdrenko, 2021)

The cosmetics industry is differentiated from others by the important influence experiential marketing has on consumers. (Wu and Lee, 2015) According to Nagasawa (2015), experiential marketing is a way for companies to deliver the best customer experience even before a purchase has taken place to create the desire to buy. This experience is delivered by conveying an assertive brand image through a recognizable art direction making the brand exclusive (Dhillon, Agarwal and Rajput, 2022). Email marketing is one of the tools used to deliver this experience to customers by playing on personalization to hold the consumer's attention by offering unique content (Dhillon, Agarwal and Rajput, 2022).

## 2.2. Personalization

The second key notion of the subject studied is personalization. A first general definition is presented in order to enter more precisely into the context of email marketing and the different forms of personalization that exist.

### 2.2.1. General definition in marketing context

Direct marketing channels today allow companies to offer customers content that is personally targeted to them, with content adapted according to their age, interests, gender, or location. (Sahni, Wheeler and Chintagunta, 2018) Information about identity (Kihlstrom and Cantor, 1984), consumer attitudes (Markus and Wurf 1987), geolocation or gender (Sahni, Wheeler and Chintagunta, 2018) can be used to send tailored content to customers. This consumer specific content is based on the use of personalization. (Sahni, Wheeler and Chintagunta, 2018) It is a way of interacting with customers by offering "the right content in the right format to the right person at the right time" (Tam and Ho, 2005, p. 271). Dijkstra (2008) also defines the term personalization as the incorporation of elements that explicitly refer to a person, such as their first name, into information content. He emphasizes that elements of personalization apart from this have no persuasive purpose and do not provide any information to the person to whom they are addressed. It allows you to flesh out an informative content by playing on the design, format, frequency, or language elements. By manipulating content or its layout, personalization gives the message a persuasive power (Tam and Ho, 2005). Hawkins et al. (2008) also point out that personalization is based on the attributes of the person to whom the message is addressed and is not intended to provide new information to that person. This kind of personalization described by these authors which is not likely to be informative about a product or a company is called non-informative personalization (Sahni, Wheeler and Chintagunta, 2018). It is one of the simplest and most common forms of personalization because it does not require the creation of specific content according to the targeted audiences but simply the use of algorithms using the IDs of each recipient as we will see at the end of this chapter in the adoption process's part.

On the contrary, key e-commerce technologies such as real-time tracking, data mining, and dynamic content generation (Tam and Ho, 2005) provide companies with increasingly powerful personalization tools that can enhance their communication strategy and use informative personalization. In addition to taking advantage of the identity of the target person to better reach him or her, personalization also makes it possible to generate content that matches the user's preferences. This type of personalization has a persuasive effect as it will modify the content of the message according to its recipient. Indeed, the closer an offer, content or message is to the recipient's tastes or interests, the more it will capture their attention. By creating a relevant message with user-specific attributes, companies maximize opportunities and implicitly encourage users to behave in a certain way, such as making a

purchase. (Tam and Ho, 2005) This is also supported by Allen (1997) and Peppers and Rogers (1993) who argue that personalization creates value for the customer and hopefully increases the return on investment. Levi Strauss is a successful example of the use of recommendation mechanisms: 76% of its customers accepted the recommended items showed on their website. (Cohan, 2000)

The various studies conducted on personalization in a marketing context and particularly on digital channels, such as those of Tam and Ho (2005) or Sahni, Wheeler and Chintagunta, (2018) are based on the Elaboration Likelihood Model (ELM) which was initially developed by Petty, Cacioppo and Abraham (1986) to understand psychologically the processing of persuasive messages. This model, which focuses on the second stage of information processing, after attention stage and before behavior stage (Bargh 2002), attempts to explain how a persuasive message is processed by people. Two forms of processing have emerged from the research of Petty and Cacioppo (1986): central route and peripheral route persuasion. When the recipient is interested in the subject of the message, he/she will devote his or her full attention to it and uses critical thinking to analyze the information. These cognitive efforts are representative of central processing. Peripheral processing occurs when the recipient lacks motivation towards the subject of the message, relies on simple cues to make a judgement, and therefore makes less effort to process the message. In the context of personalization in digital marketing channels, each click represents an opportunity for a company to persuade users. (Tam and Ho, 2005), Each advertisement or content created for marketing purposes is intended to attract the attention of potential customers, generate a positive attitude, and possibly generate a response by making them adopt a certain behavior. Personalization is therefore a tool for creating a persuasive message that can be analyzed from an ELM perspective. Tam and Ho (2005) draw on this theory to assert that the use of personalization influences the user by having an impact both on decision making through the central route of persuasion by proposing, for example, products or services likely to appeal to the user and also through the peripheral route by letting the user assume that a message addressed to him is more relevant than a general message. In both cases, personalization would allow the user to formulate a positive attitude towards the tailor-made message addressed to him/her for the purpose of persuasion. Furthermore, as personalization allows the generation of content that is intended to appeal to the recipient, the content is



more likely to be processed to make a potential decision and to be stored in the user's long-term memory (Tam and Ho, 2005).

### 2.2.2. Personalization in e-mail marketing

Email marketing allows companies to have a direct link with consumers and to present them with content related to their brands, products, or services. The purpose of these messages between companies and customers is to create a long-term connection, to increase the brand's turnover by advertising the products or services offered, but also to convince new customers and build loyalty in the customer base. This customer base is increasingly fragmented as companies try to classify their customers according to established criteria such as gender or date of last purchase by assigning each email address a unique identifier that can be targeted with offers that are personally addressed to them. (Goldman, 2020) Ansari and Mela (2003) justify the use of personalization in email marketing as a means to increase customer response rates and to create more engaging, effective and impactful content. This personalization can take the form of text, images, animations, or videos incorporated into the content of the newsletter. (Tam and Ho, 2005).

The use of personalization in e-mail marketing affects consumer behavior and therefore engagement (opens, clicks, purchases) by acting as a peripheral positive cue. (Sahni, Wheeler and Chintagunta, 2018) Indeed, people are more convinced by things that are associated with the self and therefore match their personality. (Perloff and Brock, 1980) They then develop a positive attitude towards the message that relates to their own person and therefore towards the brand and the products or services it offers. (Staats and Staats 1958). By creating consumer specific content in an email, personalization can therefore influence the attitude adopted by the consumer towards the message transmitted. This persuasive effect induced by the association with the self would be all the greater if people lack motivation at the start and do not pay much attention to the message. The presence of identity-related elements would even more serve as a positive cue to persuade the consumer (Sahni, Wheeler and Chintagunta, 2018) who would perceive the communication as relevant to him or her because it is directly addressed to him or her and customized. (Hawkins et al. 2008) By participating in the increase of perceived self-relevance (Wheeler et al. 2005), personalization is a means of increasing the message process and therefore the recipient's

involvement (Petty and Cacioppo, 1990) which we will refer to here as consumer engagement.

Personalization can have a significant impact on the success of the newsletter and its content as a whole. According to Sahni, Wheeler and Chintagunta, (2018, p. 250), "personalization should increase favorable responding regardless of the message content". According to their research, personalization from an ELM perspective encourages the consumer to make more effort to process the entire content of the message than if the message was not specific to them. Special attention must therefore be paid to the whole content sent to the consumer who will consider it as a whole. Moreover, personalization has all the more effect on the processing of the message's arguments if they are strong (Wheeler et al. 2005, Petty et al. 1983). As mentioned earlier, consumers are more likely to process messages via the central route if the subject matter is interesting (Tam and Ho, 2005). According to Merisavo and Raulas (2004), consumers find content offering special sales offers, information about new products, contests, or news about cosmetics in general to be the most interesting.

Returning to the link between personalization and consumer engagement, the ELM used to understand the information processing mechanism highlights the role of personalization in attention, positive attitude, and interest in the customized message. These 3 factors are precursors to a high probability of opening an email that is consumer specific and a higher click-through rate as opposed to a traditional email (Sahni, Wheeler and Chintagunta, 2018). The first hypothesis can therefore be formulated as follows:

H1: Emails with informative personalized content is more likely to induce opening than generic emails.

In their research paper, Sahni, Wheeler and Chintagunta (2018) highlights that if the email matches the taste of the recipient, the latter would be more likely to process the content and continue their customer path. This kind of personalization that used recipient's preferences to reach engagement is part of informative personalization as seen in the previous chapter. It is mostly used in the body of emails with offers or ranges that may be of interest to the recipient (Desai, 2019). Hence, we hypothesize the following:

H2: Emails with informative personalized content is more likely to induce clicking than generic emails.

In addition, personalization serving as a positive cue to increasing elaboration generates a long-lasting and resilient positive attitude that encourages retention (Haugtvedt, Petty and Cacioppo, 1992). This mechanism called the long-term efficacy of the advertisement (Petty, Cacioppo and Schumann, 1983) can be the source of purchase on the part of the recipient who keeps in mind the previously read message (Tam and Ho, 2005) and is more likely to accept the offers or recommended products. (Sahni, Wheeler and Chintagunta, 2018) Informative personalization can be based on previous purchases to embed brand relationship and encourage purchase. (Fitzsimons and Lehmann, 2004) Delivering marketing messages which are relevant to recipients should lead to higher spending levels. (Kumar, Zhang and Luo, 2014). Based on this assumption, we form the following hypothesis:

H3: Emails with informative personalized content is more likely to induce purchase than generic emails.

### 2.2.3. Personalization implementation in e-mail marketing

To make use of personalization, companies need to establish a dialogue with their targets to anticipate needs and expectations. The Internet makes this exchange of information possible (Müller et al., 2008).

First of all, not to mention very advanced technologies, companies can collect information from the consumer during opt-in decisions by choosing for example what type of content they want to receive, their date of birth or their gender (Kumar, Zhang and Luo, 2014). This is the first part of the dialogue between the brand and the future recipient.

Fan and Pool (2006) were interested in the subject of personalization and more particularly in its effective implementation, which had been little studied until then. They developed an implementation classification scheme based on three dimensions corresponding to three choices: the elements that are to be personalized (often the content in the case of commercial

personalization), the target of the personalization (individual or groups) and the initiator of the personalization (the user or the system) (Fan and Pool, 2006)

As previously mentioned in this model, the target of personalization can be a group of individuals with a common point such as gender or location, or a single user who can receive content that is specifically addressed to him/her, such as when his/her first name is mentioned. Finally, the last choice must be made between two options: explicit personalization and implicit personalization. Explicit personalization corresponds to the user's choice to provide personal information and thus facilitates the implementation of personalization for the company, which collects data directly via the recipient. The automatic personalization carried out by the system is said to be implicit and requires more data collection work on the part of the company, which must call on powerful technologies. (Fan and Pool, 2006)

Amoroso and Reining (2004) identified four categories to classify the technologies used for personalization: "user-behavior tracking technologies (clickstream tracking, hover technologies, pattern recognition); personalization database technologies (collaborative filtering, web housing, intelligent agents, data mining, profiling, statistical analysis); personalized user interface technologies (content management, streaming audio/video, user, information filtering, user-preference interface design, personalized searching); and customer support technologies (just-in-time customer support, wireless customer service)". According to Tam and Ho (2005), data mining, tracking software, collaborative filtering and click-stream analysis are the main technologies useful to collect essential data for sending personalized emails. These tools are essential to understand consumers' interests and preferences and use this information wisely in email marketing to influence them with the central route of persuasion with appropriate arguments, products, and services (Tam and Ho, 2005) or through positive cues that will operate at the peripheral route (Petty, Cacioppo and Abraham, 1986).

In their research paper, Fan and Pool (2006) also mention the importance of segmentation in personalization driven by the commercial perspective. For personalization to be meaningful and effective, it is imperative to target the appropriate segment with the content addressed to them by differentiating the product, service or information communicated. In order to be

able to segment its base, the authors again stress the importance of knowing its contacts and collecting data on a continuous basis on each individual considered as an entity in its own right in terms of personal preferences and interests, demographic and psycho-cultural profiles (Mialki, 2019) and user behaviors. (van Doorn et al., 2010) To implement personalization in a marketing context such as in the cosmetics industry, companies need to take into account two types of contextual information that will allow them to adapt the content sent to the identified segments: information relating to the recipient's intentions such as their preferences or purchase history and information relating to their environment such as their time zone or location. (Bayler and Stoughton, 2010) These two types of combined information allow brands to anticipate the needs and understand the expectations of the consumer in order to propose the most satisfactory content. Thanks to the information collected from different sources, companies can group them to set up personalization tools such as product recommendations based on preference matching that will be improved over time and with new data collected (Tam and Ho, 2005)

### 2.3. Creating and achieving consumer engagement

The notion of consumer engagement is central to our study of the effects of personalization on the recipient. This is why the concept is first defined in a general way and then in the context of email marketing.

#### 2.3.1. Definition of consumer engagement

The numerous writings on consumer engagement agree on one thing: it is difficult to define this notion and to know its scope and limits, which are increasingly shaken by digital technology (Barger, Peltier and Schultz, 2016). Schultz and Peltier (2013) emphasize the need to conceptualize more precisely this term which includes the different relationships that brands, and consumers can have. This includes brand loyalty, customer relationship management, social networks, and email marketing (Schultz and Peltier, 2013), which are all undeniable tools for attracting and retaining customers (Schouten, McAlexander, and Koenig, 2007) and enabling brands to achieve economic performance (Kumar et al. 2010). The notion of consumer engagement is also very often associated with the word digital to become digital consumer engagement defined by Brodie et al. (2013) and Harrigan et al.

(2018) as an interactive experience between the brand and the consumer which opens the doors to more sustained engagement. In particular, clicking behavior is measured by brands to study consumers' willingness to learn more about the digital content presented to the consumer. (van Doorn et al., 2010)

Another word often associated with the notion of consumer engagement is “brand”. Indeed, consumer-brand engagement has been defined by Hollebeek, Glynn and Brodie (2014) as the positive interaction both emotional and behavioral between a consumer and a brand. It can be studied thanks to a set of variable metrics depending on the channel studied. Indeed, Barger, Peltier and Schultz (2016) have notably determined for the study of consumer engagement on social networks a number of measurable actions to analyze the intensity of this engagement through for example the number of shares, comments or likes. In the next part, we will focus on the metrics which can be used for email marketing but let’s first focus on the theory of consumer engagement and the framework developed by Bowden (2009) to offer a model to the concept.

Based on McEwen's research paper (2004), Bowden (2009) takes up his definition as the basis of his model by stating that consumer engagement is a tool for measuring the intensity of the relationship between a brand and its customer by taking into account the rational but also emotional link with the brand. Engagement therefore plays a key role in understanding the performance of a service, product, or brand in general and its success with consumers who are more or less engaged with it. Bowden (2009) insists that customer engagement is closely related to the concept of brand loyalty but is distinct from it. Indeed, engagement is a process that allows us to understand the way in which customer loyalty is built up over time. Here is the exact definition of his model:

“The conceptual model of the process of customer engagement therefore traces the temporal development of loyalty as customers progress from being new to a service brand to becoming repeat purchasers of a service brand, by highlighting the relationships between the constructs of calculative commitment, affective commitment, involvement, and trust. The model therefore emphasizes the point that as customer–brand relationships evolve, so too does the way in which service experiences are evaluated.” (Bowden, 2009)

Bowden stresses the importance of carefully managing the customer base to support customers in their engagement process to make them committed customers. Just because a customer has had a positive first experience with a brand does not mean that this will directly generate emotional commitment and loyalty. It is important to nurture the relationship by using tools such as personalization, developing targeted marketing strategies and tracking the measurable elements of consumer engagement. (Bowden, 2009)

### 2.3.2. Consumer engagement in e-mail marketing

According to Anon (2005), newsletters are a form of electronic communication which makes possible to enhance consumer's relationship with brand and to promote or intensify the brand loyalty which is very linked to the notion of consumer engagement (Schultz and Peltier, 2013) as seen beforehand (Bowden, 2009). E-mail marketing enable brands to maintain or create a regular link with customers over the long term. (Anon, 2005) According to a study conducted by Müller et al. (2008), the relationship between a customer and a brand is even greater if the customer is part of the e-mail program. This relationship is characterized by visiting the brand's website, recommending its products or services, or making a purchase. Indeed, the fact that the consumer has voluntarily accepted to receive newsletters shows an affirmed interest in the brand and what it offers and therefore a positive attitude towards it (Müller et al., 2008). In our study, we are interested in these emails sent by brands after asking customers for consent because the aim is to focus on analyzing the role of personalization in voluntary newsletters and not forced newsletters which would then be considered as spam. When consumers agree to receive newsletters, they then allow companies to send them emails at any time that they are free to open or not. (Hartemo, 2016) According to numerous studies on the subject, opening the newsletter is a first step in the consumer engagement process. Indeed, as Micheaux (2011) points out, brand marketing managers aspire to a high open rate but also a high click rate as Kumar (2021) also highlighted by defining that the open rate, the click rate and the reopen rate are relational metrics allowing to measure the success of an email newsletter.

To begin with, the email open rate is part of the email marketing response process model created by Chittenden and Rettie (2003) which builds on Vriens et al.'s (1998) model, the first to look closely at the response pattern of the recipient when they receive a newsletter.

Chittenden and Rettie (2003) place the open rate in the first stage in their 3-phase model by asking how to arouse the consumer's interest so that they want to open the newsletter and access the content? This model can be crossed with the one developed by De Bruyn and Lilien (2008) based on the cost/benefit framework of Ratchford (1982). The opening stage is called the "awareness stage" in the process described by De Bruyn and Lilien (2008, p. 153). This is the moment when the consumer weighs up the potential benefit to be gained from the mail on the one hand and the possible waste of time and risks involved in opening the message on the other. As Paulo, Miguéis and Pereira (2022) state in their research paper on the effect of the subject line on the open rate, the sender's name and the subject line are the only and first elements that the recipient sees in his mailbox before opening an email. De Haan et al. (2018) supports Kumar's (2021) point that a short subject line should be used to be effective and can be displayed in full on mobile, the device responsible for a growing share of online shopping. The decision to open an email therefore depends on these two elements, which must attract the recipient's attention and make him want to know more (Miller and Charles, 2016). This is also the theory supported by Kumar, Zhang and Luo (2014) who argue that high open rates lead to high spending levels and that it is therefore crucial for brands to deliver a message, right from its subject line, that should be relevant to the target audience. The use of non-informative personalized content, i.e., customer-specific information given by the recipient, such as his first name or gender, can attract the attention of customers and increase the open rate of an email. (Sahni et al., 2016) This theory is also supported by Tacikowski and Nowicka (2010) who state that people have a natural and automatic tendency to direct their attention to information that seems to be associated with them, and therefore that an email containing the first name of its recipient is more likely to arouse the reader's interest, for example. According to the experiment conducted by Sahni, Wheeler and Chintagunta (2018), adding the recipient's name in the subject line increases the probability that the recipient will open the email by 20%. This is also the theory supported by Feld et al. (2013) who concluded that personalization such as mentioning sender identity could contribute to an increase in campaign's success. It would be interesting to repeat the experience in the field of cosmetics where competition is fierce and the increase in the open rate a real challenge. Hence, the following hypothesis 1 is formed:

H4: Adding the recipient's name in the subject line in a email subject line increase the opening rate.



The second step is to pay attention to the content. (Chittenden and Rettie, 2003) Is it interesting enough for the consumer to want to know more by clicking on one of the elements? Ratchford (1982) refers to this as the “interest stage”, when the consumer is aware of the content of the communication and asks for a deeper investigation of the elements. Vriens et al.'s (1998) stresses the role of the newsletter's design characteristics as well as its content in the consumer's response process. For example, Kumar (2021) points out the influence of the size of the email and the links available in the content as well as the banner in the consumers' response and the presence of clickable link. However, the use of non-informative personalization lacks study, particularly its effect on the click rate when used in the subject line. As seen previously, the use of the recipient's name in the subject line seems to have an effect on the open rate but it would be interesting to study its effect on the rest of the customer journey. According to the research conducted by Sahni, Wheeler and Chintagunta (2018), mentioning the first name in the subject line results in a 31% increase in sales. Moreover, based on the research of Paulo, Miguéis and Pereira (2022) who state that non-informative personalized content attracts the attention of the recipient and encourages them to read the content, the following hypothesis can be formulated:

H5: Adding the recipient's name in the subject line in a email subject line increase the clicking rate.

The last step is the decision whether or not to maintain a relationship with the brand by continuing to receive content or by deciding to unsubscribe. (Chittenden and Rettie, 2003) The relevance of the content of the email plays a key role in the future of this relationship as evidenced by Micheaux (2011). The continuity of this relationship with the brand but also with the email can be measured through the reopening rate (Venkatesan and Kumar 2004) which is a reflection of trustworthy and relevant content. Huntley (2006) added to this statement that re-opening an email is often a precursor to purchase behavior. In fact, several studies have also measured the success of newsletters through transactional metrics (Kumar, 2021) which analyze purchase behavior when emails prompt the purchase of products or services. In particular, Belanche, Flavián and Pérez-Rueda (2019) argue that consumers who have opened newsletters are more likely to purchase the products contained in the emails than those who have not. De Bruyn and Lilien (2008) define purchase as the final decision

of its process. This decision is obviously highly influenced by the content of the email as Sahni, Wheeler and Chintagunta, (2018) showed in their paper. One conclusion of their experiment was that non-informative personalization in email marketing could lead to a positive reaction toward the advertiser increasing the consumer's propensity to buy something from the brand and therefore increasing the conversion rate. Indeed, adding the recipient's name in the subject line translated into a 31% increase in sales leads meaning that non information content has significant economically effects.

Based on all this information about the last step in the response pattern of the recipient and the potential influences, we assumed the following hypothesis for the cosmetics industry:

H6: Adding the recipient's name in the subject line in a email subject line increase the conversion rate.

## 2.4. Challenges

Finally, the last part of the literature review looks at the challenges companies face when operating an email marketing strategy and using personalization.

### 2.4.1. Opt-in/opt-out

The research framework in this study is an opt-in marketing campaign but getting customers to agree to receive newsletters is one of the major challenges of email marketing, as companies aim to increase their customers' opt-in rate and decrease their opt-out rate. In order to convince the customer to give permission, brands need to understand what appeals to them, what holds them back, what can change their mind and what are the elements that influence their decision making. (Kumar, Zhang and Luo, 2014) The opt-in system allows companies to have a database of active customers who have shown their interest in the brand and its products or services by giving their consent to receive emails from it. (Merisavo and Raulas, 2004) As email marketing is one of the only forms of digital advertising communication that requires user consent, it provides a sense of empowerment to the user who agrees to be contacted or not by companies anytime and anywhere (Belanche, Flavián and Pérez-Rueda, 2019). This empowerment leads to a positive consumer attitude towards

the brand and therefore facilitates the brand's persuasion work. In order to be sure to collect active email addresses interested in the brand's messages, it is important for the brand to stipulate the terms of consent and to ask for some information that will help to identify the consumer's expectations. (Brooks, 2006) The brand's intentions must be transparent and upfront so that the customer is not disappointed when receiving email communications and does not feel trapped; the goal is for customers to "personalize themselves". (Brooks, 2006) Several factors can impact on customer consent: trust in the sender (Bart et al. 2005), which we will discuss next, online habits (Brey et al. 2007) or the monetary benefit (Krishnamurthy, 2006) if the brand promises a promotional code in exchange for an email address for example.

Once the user is on the opt-in list, retention becomes the key issue for the company. An improperly designed email (Marinova, Murphy, and Massey, 2002), a subject that is far from the recipient's expectations (Krishnamurthy 2006), a message that is too personalized and perceived as intrusive (Marinova, Murphy, and Massey, 2002) or a communication that is too long (Chittenden and Rettie, 2003) are reasons that can push the recipient to opt-out. In particular, a communication may be perceived as too intrusive if the email contains information that was not given voluntarily by the recipient. (Sahni, Wheeler and Chintagunta, 2018)

#### 2.4.2. Trust

Trust is a key factor in the opt-in mechanism in terms of consent (Jayawardhena et al. 2009), relationship with the company (Müller et al., 2008) and concern about privacy concerns (Sahni, Wheeler and Chintagunta, 2018). It is defined as “a willingness to rely on an exchange partner in whom one has confidence” according to Moorman, Deshpande and Zaltman (1993).

According to Bart et al. (2005), trust is a very important determinant in the relationship between companies and customers. First of all, in order to obtain an accurate and active email address and correct information, the company relies mostly on the trust of the customer to ask for contact information or even other information necessary for the personalization of future emails (Tezinde, Smith and Murphy, 2002 et Godin, 2007) Personalization lives on

personal data, so collecting it is a necessary and sufficient condition for implementing it in an email marketing campaign (Brooks, 2018). As Luhmann (2000) points out, trust is very important in risky situations because it affects the decision making-process. In the case of email marketing, the changing digital environment as well as the abundance of spam and viruses are risk factors that give trust a prominent role whether at the time of opt-in or opening the email. He adds that "strong-tie sources" (Luhmann, 2000, p. 154) are more likely to have a high open rate than a sender that is unknown or little known to the recipient who may see the email as risky.

More than trust in general, the consumer's attitude is influenced by the reputation of the company that contacts him. The recipient's attitude towards the email campaign is directly correlated to the consumer's attitude towards the brand (Cases et al., 2010). Email marketing is also positioned as a tool to create a relationship of trust with the consumer by offering him added value on a daily or weekly basis depending on the frequency chosen by the company. (Müller et al., 2008) In order for this relationship to last over time (Venkatesan and Kumar 2004) and to be translated into a purchase (Huntley 2006), the content of the emails must meet the expectations of the consumer and the promises made at the time of consent so that he wants to open the newsletters and to linger on them. (Venkatesan and Kumar, 2004) As Brooks' email marketing study (2018) points out, "over 75% of consumers are happy to share their details with brands they trust."

Moreover, as users consider their mailboxes as belonging to their private sphere (DuFrene et al., 2005), companies should not neglect the privacy concerns that consumers may have. The personalization made possible by the collection of their data is also subject to concerns about its use (Sahni, Wheeler and Chintagunta, 2018). In particular, the study by White et al (2007) highlighted the negative reaction users may have when personalization is perceived as intrusive. This is also the statement supported by Belanche, Flavián and Pérez-Rueda (2019) who wrote that this intrusiveness is responsible of ad skipping behavior. The mention of the recipient's first name in an e-mail as seen above as evidence of tailor-made content for the customer can also be perceived as a privacy violation. (Sahni, Wheeler and Chintagunta, 2018) These privacy concerns are regulated by numerous laws such as the General Data Protection Regulation (GDPR) implemented in 2018 which regulates the collection and use of personal data or the European Union (EU) ePrivacy Directive of 2002

which specifies the conditions of use of this data in the context of email marketing (Brooks, 2018).

### 2.4.3. Overload

Companies using email marketing for commercial or informational purposes are also faced with another challenge: the overload generated by the number of solicitations received by users and their lack of relevance in terms of content.

First overload is defined by Vacek (2014) with three characteristics: “large volume of incoming information, inefficient workflow and poor communication quality and conducted training of email users.” Email marketing can be a source of overload as it is a tool to send information to consumers who do not decide what they will receive exactly.

In fact, companies have to assume that just because consumers have agreed to receive communications does not mean they want to receive them on a daily basis with all kinds of content. (Brooks, 2006) Some companies, such as Zalando, allow customers to choose the content they prefer to receive, such as recommendations, fashion news or special offers. This choice should guide the targeting of newsletters to avoid creating a feeling of overload among the recipient who would receive unwanted communications at too close a frequency. (Brooks, 2006) The proliferation of spam and emails containing viruses or malicious content accentuates this feeling among users who become increasingly suspicious when they receive content in their email box. (De Bruyn and Lilien, 2008) If a user feels over-solicited, then the irritation generated may affect their acceptance of receiving communications and result in them unsubscribing to stop the repeated communications. (White et al., 2007) This is why it is important for brands to establish a relevant frequency to maintain a long-term relationship with their recipients so that they do not feel overwhelmed (Cases et al., 2010). According to Brooks (2006), it is not recommended to send newsletters on Mondays and Fridays for example.

Content also plays a crucial role in the feeling of overload that users may experience when receiving numerous emails. (Kumar, Zhang and Luo, 2014) They argue that people tend to subscribe to many newsletter programs and that it is therefore important for companies to

offer relevant and quality content to their audience in order not to be the program that users will unsubscribe to if they feel an information overload. While brands cannot control the total volume of communications that a user who has subscribed to multiple email marketing programs receives, they do have control over their own content to make it compelling, especially with the personalization tools at their disposal. (Micheaux, 2011) Tam and Ho (2005) point out that misuse of these tools such as misspelled names or unattractive design can have the opposite effect on the user.

## 2.5. Summary of hypotheses

After careful literature and theory analysis, six hypotheses were developed (Figure below). They form two groups: the first one which discusses the effect of informative personalization on consumer engagement and the second one which predicts that the effects of non-informative personalization on consumer engagement.

In the first block, we hypothesize that sending personalized informative content has a positive effect on the open, click and conversion rate.

H1: Emails with informative personalized content is more likely to induce opening than generic emails.

H2: Emails with informative personalized content is more likely to induce clicking than generic emails.

H3: Emails with informative personalized content is more likely to induce conversion into purchase than generic emails.

In the second and last block, we hypothesize that adding the recipient's name in the subject line has a positive effect on the open, click and conversion rate.

H4: Adding the recipient's name in the subject line in an email subject line increase the opening rate.

H5: Adding the recipient's name in the subject line in an email subject line increase the clicking rate.

H6: Adding the recipient's name in the subject line in an email subject line increase the conversion rate.

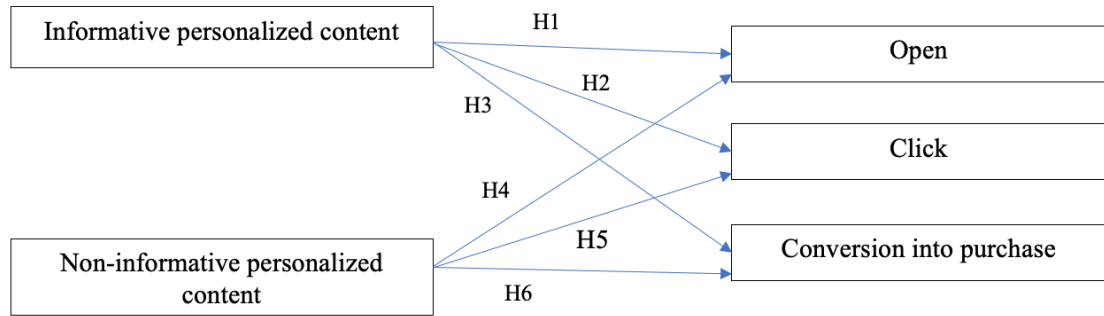


Figure 2. Hypotheses

### 3. RESEARCH DESIGN AND METHODS

This section is dedicated to the description of the research conducted to answer the six hypotheses formulated.

#### 3.1. Research context/case description

First, the company used to conduct our experiment is presented and its objectives are defined.

##### 3.1.1. Case company Introduction

The company studied to carry out our analysis is Kiehl's, a high-performance apothecary skincare brand belonging to the L'Oréal group. Born in New York in 1851, Kiehl's was originally a family-run pharmacy with the goal of satisfying customers' needs with the most expert, nature-inspired skincare while providing exceptional personal service. Kiehl's continues to serve the same purpose around the world today. A pioneer in sampling and ingredient-labelling, Kiehl's developed innovative products in the 1960s, such as Calendula Herbal-Extract Toner and Blue Astringent Lotion, which are still the brand's best-sellers today. In recognition of its historical contributions as a pharmacy, products and objects from

the brand have been incorporated into the permanent collection of the Smithsonian National Museum in Washington, D.C.

Today, the brand is known for its personalized in-store consultations and its values of service, expertise, and generosity in its retail outlets and online. The sense of service translates into a customer journey rich in guidance and advice from Skin Pros, skin experts who help customers find the most suitable formulas for their skin concerns. This service is also available online with the advanced Skin Reader technology that allows customers to get a skin diagnosis and a personalized skin care protocol in a selfie. This experience is always accompanied by complimentary samples to test the products before purchase. As for expertise, Kiehl's is constantly looking for new formulas, new ingredients, and new techniques to create formulas that are as effective as they are skin-friendly and environmentally sustainable. Kiehl's has always owned its own laboratories to conduct research and experimentation to ensure unique, quality products. Finally, the last fundamental pillar of the brand is education. Kiehl's is dedicated to helping customers know their needs and make the right skincare decisions. (Rivaud, 2011)

Acquired in 2000 by L'Oréal, it is one of the group's smallest brands. Characterized by its generous sample distribution policy, its salespeople in white coats and the absence of muses, it is nonetheless a flagship brand of the world's leading beauty company thanks to its emblematic products such as Ultra Facial Cream, a best-seller created in the 1970s.

In a few words, Kiehl's is an American brand established in France since 2004 thanks to the support of the L'Oréal group. With 170 years of experience in cosmetics, the brand offers unique formulations combining the power of plants with cutting-edge scientific expertise for a formidable effectiveness on all skin types.

### 3.1.2. Objectives

Kiehl's is a brand that is constantly expanding through the opening of new shops around the world, but also thanks to its service offering new online services such as a subscription system or online skin diagnosis. In this expansion, CRM and more specifically email marketing is a central pillar of the brand to recruit customers both online and offline and



build loyalty. Currently, Kiehl's sends an average of 2 to 3 emails per week to its full base of approximately 105k contacts. The content of the emails is diversified: promotions, events, news, advice, or brand content.

In 2022, the brand's CRM team decided to segment the base according to their preferred franchise in order to target them with personalized content. The brand has therefore developed a model based on machine learning to identify buyers with propensity to buy a certain skincare franchise. This algorithm takes into account the skincare sell-out before purchase, the number of products added to basket, the number of emails opened, the age of the consumer, the recency of last purchase, the number of page views of the franchise before purchase. The five segmentation franchises correspond to the five legendary ranges of the brand: Ultra Facial Cream (UFC), Dermatologist Solutions, Midnight Recovery Cream (MRC), Calendula, Super Multi Corrective Cream (SMCC). Each range consists of several products such as serums, creams, toners, and cleansers.

The full base (105k contacts) was therefore segmented according to these five ranges. If the algorithm was unable to classify contacts in one of the segments, they were automatically classified in a 6th segment called "Prospects + without score" which corresponds to visitors who were not buyers as well as buyers whose appetite score could not be calculated. The breakdown by segment is shown in Figure 3.

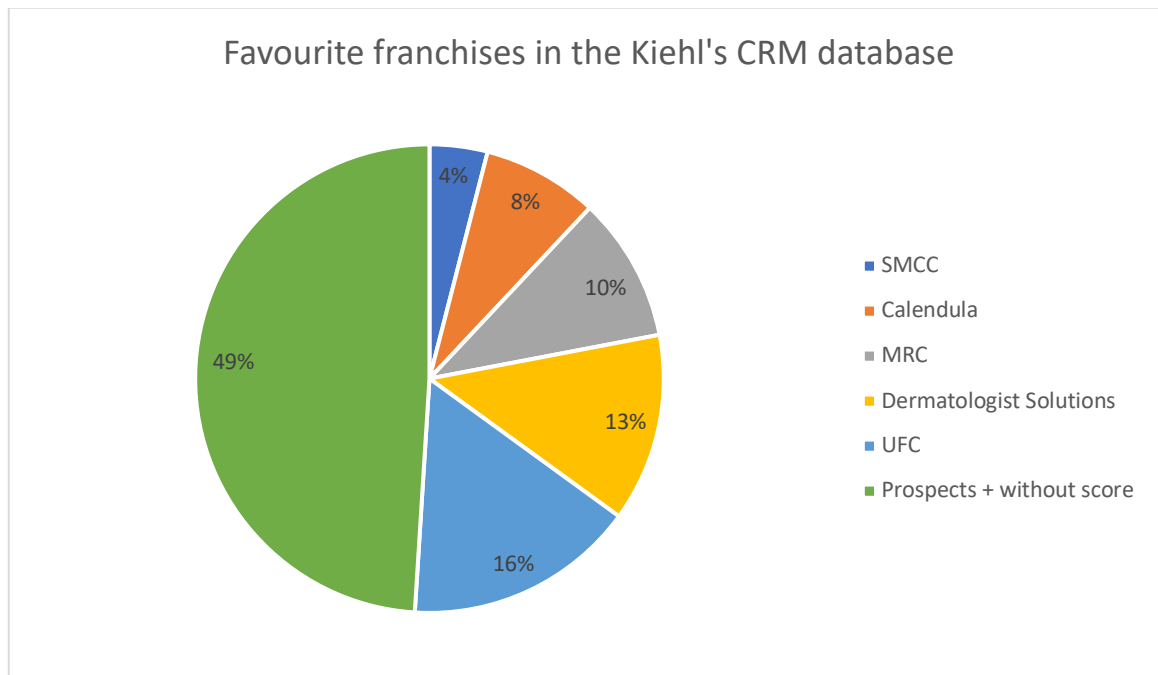


Figure 3. Kiehl's base segmentation (Source: Kiehl's France)

The objective of this segmentation is to go further in the informative personalization of the emails in terms of segmentation since a segmentation members/non-members of the loyalty program was mostly used until now. These 5 franchises allow the creation of specific emails for each franchise to highlight the products most likely to interest them. The aim is to retain customers who like a franchise by sending them content about their favorite range when targeted emails about the ranges are sent to the base. Another goal is to prevent opt-ins from unsubscribing from the newsletter because the content of the newsletter does not interest them. By sending emails with personalized content, Kiehl's aims to increase open, click and conversion rates. This segmentation will be used in study 2 to generate informative personalization.

In addition, Kiehl's uses non-informative personalization such as mentioning the first name of the recipients in the subject lines or adding the number of points accumulated by the members in the content of the email to give them a follow-up. This personalization is common in email marketing, but it is always interesting to know the effects on consumer engagement.

### 3.2. Data collection methods

The research method of this thesis was therefore based on quantitative research in order to evaluate with our 3 metrics (open, click, conversion) the effect of personalization. To study the use of personalization in email marketing and its hypothetically positive effects on consumer engagement, the most appropriate method is to perform a comparison between emails using personalization and those not using it. This testing principle is called an A/B test in the field of ecommerce and email marketing. Therefore, 3 studies were conducted corresponding to 3 A/B tests to test our 6 hypotheses:

- Study 1 to study the effect of using informative personalization in the subject line of the email on consumer engagement
- Study 2 to study the effect of informative personalization in the body of the email on consumer engagement with 2 consecutive mailings. The second mailing is called a reminder because it is identical to the first mailing but takes place 4 days later.
- Study 3 to study the use of non-informative personalization in the subject line of the email on consumer engagement

To collect information on consumer engagement, we translated it quantitatively by collecting information on these 3 metrics: the open rate, the click rate, and the conversion rate.

The participants in these three studies are people who have agreed to receive communications from Kiehl's by email and are therefore part of the Kiehl's database. For confidentiality reasons, no information about these participants was provided. The only information we have is that the participants are all at least 16 years of age, because when they agreed to receive newsletters from Kiehl's, being 16 years of age was one of the conditions for being part of the Kiehl's database. The participants were not aware that they would be subject to an A/B test as this would skew the results and it is the very principle of an A/B test to analyze consumer reactions to a fait accompli.

The data was collected in 2022 during several email blasts that were developed by the Kiehl's brand and created on the Dartagnan platform in French for a French speaking base. The emails were then sent by the agency that Kiehl's works with for its CRM following the brand's instructions. The emails are either sent on weekdays at 6pm or on weekends at 9am.

The agency then collected the data relating to these emails and communicated it to the brand in the form of a summary table with the key figures, including our 3 metrics (open, click, conversion). It was at this point that we collected the data to carry out our analysis on the different studies.

### 3.3. Data analysis methods

An A/B test was conducted for each study to compare the open rate, the click rate and the conversion rate achieved thanks to the emails between the test groups and the control groups and a statistical significance calculation with a significance level of 95% was performed for each test. What does this mean? According to AB Tasty which is the company Kiehl's works with to carry out its A/B tests, "A/B testing, also known as split testing, is a marketing technique that involves comparing two versions of a web page or application to see which performs better. These variations, known as A and B, are presented randomly to users. A portion of them will be directed to the first version, and the rest to the second. A statistical analysis of the results then determines which version, A or B, performed better". (AB Tasty, 2022) To perform this statistical analysis, the most commonly used method is to perform a z-test which is in fact very similar to the t-test with the only differences being that z-tests are performed on larger samples and the standard deviation of the population is known. If the sample size is greater than 30 but the standard deviation is not known, then it is assumed to be equal to the population variance. (Chen, 2021) Assuming that the test follows a normal distribution, we calculate the z-score which is in fact the normalized distance from the mean of the distribution obtained by then using a standard normal distribution table, we can find the associated p-value. (Trencseni, 2020) More precisely, the z-test in the case of an A/B test consists of first calculating the standard error of each version ( $SE_A$  and  $SE_B$ ). For version B, the calculation would be as follows  $SE_B = (CR_B * (1 - CR_B) / R_B)^{1/2}$  with  $CR_B$  corresponding to the conversion rate, the open rate or the click rate of version B depending on the value sought and  $R_B$  being the number of recipients of version B. After calculating the standard error for version A and version B, we calculate the standard error of difference ( $SE_{\text{difference}}$ ) which is equal to  $SE_{\text{difference}} = (SE_A^2 + SE_B^2)^{1/2}$  and which will allow us to obtain the z-score which is equivalent to  $z\text{-score} = (CR_B - CR_A) / SE_{\text{difference}}$ . The p-value associated with the z-score can then be read from the standard normal distribution table. We are mainly interested in the p-value, which will be calculated directly by an algorithm based on the open

rate, click rate and conversion rate to see if the difference examined between the two versions is statistically significant.

### 3.4. Reliability and validity

Regarding Study 1 which mainly analyses the effect of the use of informative personalization in the subject line to see the effect on the open rate, we were also able to analyze the effects on click rate and conversion rate. However, in order to respect the A/B principle to change one variable at a time (Kolowich, 2018), we wanted to conduct another study by changing only the content of the e-mail and not the subject line. This way, we decided to conduct Study 2 to be able to analyze more closely the effects on the click rate and conversion rate mainly since the two contents will be different, but the subject lines will be the same.

Study 2 differs from study 1 by using the new segmentation established by the brand with their different franchises compared to study 1 analysis which was conducted on the entire Kiehl's database according to the skin type listed by the recipient when they opted into the newsletter. Study 2 also enables us to test one variable at a time as should a A/B test do: Study 1 focuses on the effect of informative personalization in the subject line on consumer engagement whereas study 2 analyzed the effect in the body of the email on consumer engagement.

Regarding study 2 more precisely and the mailings to the different franchises, it would be interesting to dig into the difference in performance of the emails within the different franchises. Indeed, the four personalized emails highlighted the recipients' favorite ranges using the same layout, but the performance was different between the franchises. For example, we notice that during the first sending, the click rates of the personalized versions (1.91% for Calendula, 3.11% for SMCC, 2.06% for UFC) is higher than that of the control group (1.86%) except for the email sent to the appetites of the MRC franchise (1.74%), which nevertheless have a higher conversion rate (1.35%) than that of the control group (1.11%), as does the email from the UFC franchise (1.50%). We also notice the performance of the SMCC franchise's dedicated email with an open rate of 51.4% which corresponds to a rate 9.14% higher than the average of the three other (41.7%) personalized emails. The second sending confirms this trend, and the highest open rate is once again that of the SMCC

email. However, let's remember that the subject lines are the same for all emails. The same applies to the click rate of this email during the first sending, which is 3.11%, while the second highest rate is 2.06% for the UFC email. In the second mailing, we also notice an impressive conversion rate of 6.45%, which is more than 200% higher than the average of the other three personalized mails (2.12%). It can therefore be assumed that there is a notable difference in engagement between the franchises and that the SMCC franchise has a higher consumer engagement than the other franchises based on these two mailings.

All in all, Study 3 aims to identify the effects of the use of non-informative personalization in the subject line through the use of the recipient's first name in the subject line. This study can be considered as the most reliable of all, since the recipient's first name was given by him or her when the opt-in decision was made. The first name is the only variable modified in this A/B test and therefore does not present a big issue since the algorithm automatically assigns the first name associated with the recipient's ID and e-mail address.

## **4. FINDINGS**

The purpose of this section is to present the results of the three studies conducted and to support or reject our six hypotheses.

### **4.1. Study 1: informative personalization in the subject line of the email**

Study 1 examined the effect of using informative personalization in the subject line of a marketing email.

For this first analysis, Kiehl's database was used to test the impact of informative personalization in the subject line on consumer engagement. To do this, we decided to mention in the subject line that the content was going to be about a range specifically adapted to the recipient to see the impact on the open rate, the click rate and the revenue generated by the email. This experiment will allow us to test if indicating that the content of the email will be personalized in the subject line has an impact on consumer engagement. It will be specifically interesting to look at the open rate because the subject line, which is the variable that will be tested, is one of the first thing the recipient see in his/her email box before taking

the decision to open the message or not. Will act as a teaser to announce that the content of the email will be personalized with informative content personalization i.e., presenting them with a range adapted to their needs and skin type.

The Kiehl's database was therefore segmented into two groups to obtain the following breakdown:

- A control group composed of 101338 contacts from the Kiehl's database who will receive a generic email about the different ranges of the brand with the subject line “For the new year, find all our care ranges!”. The content of the mail will present the 3 best-selling ranges of the moment.
- A test group composed of 101005 other contacts from the Kiehl's database who will receive exactly the same email but with the subject line “{Name}, Which skin care range is right for you?” with {Name} corresponding to the first name of the recipient. The content of the email will show the range most suited to the recipient's beauty profile and therefore their preferred franchise.

The mail therefore contains informative personalization in the subject line but also in the body of the mail as announced in the subject line. We will analyze the three metrics of consumer engagement focusing on the open rate as we will focus on study 2 on the click rate and conversion rate once the email has been opened without personalization in the subject line.

As shown in Table 2, the results indicated that the mention of the recipient's name in the subject line had an impact on the open rate: 34,50% of the recipients in the test group opened the email whereas 34,10% opened the generic email. This difference of 1.17% is statistically significant with a 95% level of confidence ( $p \text{ value} = 0.0289 < 0.05$ ), supporting H1.

Regarding click rate, the results indicated that it is 26.67% higher for the personalized version with a click rate of 1.90% compared to the generic version with a click rate of 1.50%. This difference is statistically significant ( $p \text{ value} = 0.00001 < 0.05$ ) supporting H2.

Finally, even if the conversion rate is the same for both versions, there is a clear difference in turnover, since the email with informative personalization generated a turnover of 2338.60€, whereas the email sent to the control group generated a turnover of 2105.90€. The

email sent to the test group therefore generated 11.07% more turnover than the one sent to the control group. However, as our hypothesis focused on conversion rate, study 1 does not support H3.

A/B test	Sent emails	Opened emails	Open rate	Clicked emails	Click rate	Reactivity rate	Conversion rate	Turnover
Subject line 2: For the new year, find all our care ranges!	101338	34556	34,10%	1520	1,50%	4,70%	0,37%	2 105,90 €
Subject line 1: {Name}, Which skin care range is right for you?	101005	34847	34,50%	1919	1,90%	5,60%	0,37%	2 338,60 €

Table 2. Results of study 1

#### 4.2. Study 2: informative personalization in the body of the email

Study 2 examined the effect of using informative personalization in the content of a marketing email based on the preferences of the recipients.

To test the effect of informative personalization on the Kiehl's base, the brand created 5 different emails: a version for MRC fans (people whose favorite franchise is the MRC range), a version for SMCC fans, a version for Calendula fans, a version for UFC fans and a generic version. As the aim of study 2 was to measure the effect of informative personalization in the content of the email, all versions have the same subject line "No, it's not an April Fool's Day" and the same pre-header "Your routine offered for your weekend departure". The appetent versions each have content specific to each franchise, while the generic version contains content composed of GIFs of all 4 ranges, thus not highlighting any one range over another. The aim is to compare consumers' reactions between the generic version and a personalized version highlighting their favorite franchise in the body of the email. To do this, the franchise appetents were divided into two groups:

- The test group composed of 18121 contacts divided into 4 test groups, each associated with a franchise (Calendula, MRC, SMMC and UFC), who will each receive a personalized email according to their preferred franchise
- The control group, consisting of 1858 people who are interested in one of the four franchises, will receive the generic email.

The emails are all sent at the same time according to the segmentation shown in figure 3.



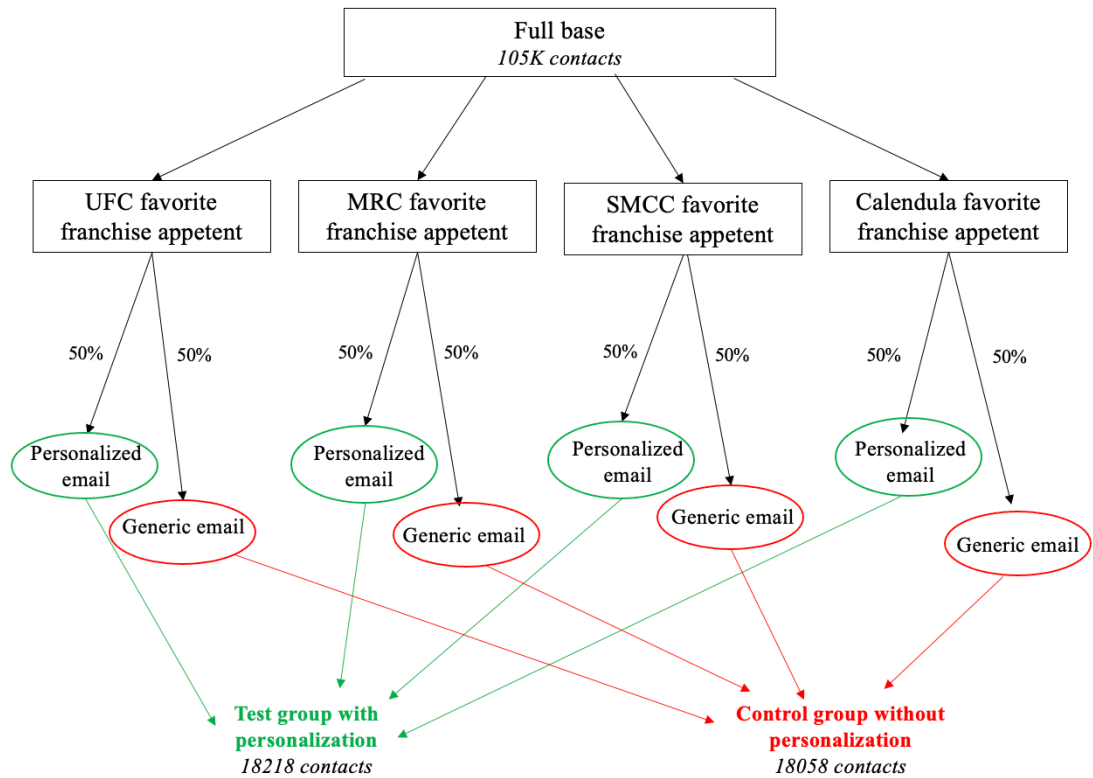


Figure 4. Study 2 segmentation

The emails' content can be found in Appendix 1.

Once the emails have been sent according to the breakdown in Figure 3, the consumer engagement indicators such as open, click and conversion rates are analyzed three days after the email has been sent to give the recipients time to interact with the email and gather as much data as possible. A follow-up email is sent four days later with the same segmentation and the same emails to re-analyze the consumer engagement indicators and validate or not the conclusions drawn after the first email.

#### 4.2.1. First sending

An A/B test was conducted as in study 1 to compare the open rate, the click rate and the conversion rate achieved thanks to the emails between the test group and the control group and a statistical significance calculation with a significance level of 95% was performed. As shown in Table 3 and the contrary to H1, the results indicated that the use of informative

personalization in the content of the email did not have an impact on the open rate: 47,9% of the recipients opened the email whereas 48,6% opened the generic email version. This result is consistent with the fact that no personalization was used in the subject line or preheader as this was the subject of study 1. Regarding click rate, the results indicated that the emails with informative personalization have a click rate mean 10.36% higher (2.05%) than the generic one (1.86%). However, the difference is not statistically significant ( $p$  value =  $0.0931 > 0.05$ ), contrary to H2. Also, the turnover generated by the personalized email was 19,2% higher (1322.90€) than the one generated by the generic one (1109.10€), but the conversion rate is higher for the control group (1.11%) compared to the test group (0.97%). Therefore, the first sending does not support H3 even if the turnover generated is higher for the test group.

	Test groups				Test group (total)	Control group
	Calendula	MRC	SMCC	UFC		
Sent emails	3563	4874	1803	7881	18121	18058
Opened emails	1598	2355	927	3804	8684	8769
Open rate	44,8%	48,3%	51,4%	48,3%	47,9%	48,6%
Clicked emails	68	85	56	162	371	335
Click rate	1,91%	1,74%	3,11%	2,06%	2,05%	1,86%
Transactions	0	1	0	2	3	3
Sessions	65	74	36	133	308	270
Conversion rate	0,00%	1,35%	0,00%	1,50%	0,97%	1,11%
Turnover (3j)	196,50 €	494,50 €	0,00 €	631,90 €	1 322,90 €	1 109,10 €
Turnover/email	0,055 €	0,101 €	0,000 €	0,080 €	0,073 €	0,061 €

Table 3. Results of the first sending of study 2

#### 4.2.2. Second sending

The exact same A/B test analysis was conducted on the second sending between the test group and the control group which took place four days after the first sending. Contrary to the first sending, the open rate was higher for the personalized versions but as mentioned beforehand there was no difference in the two sendings regarding the subject line and the

preheader, meaning that the difference does not allow us to validate or not H1 but might be due to random chance. As shown in Table 4, the second mailing again demonstrates a 19.6% higher click rate for personalized emails (1.88%) compared to the generic version (1.58%) and this time the difference is statistically significant ( $p$  value =  $0.0127 < 0.05$ ), supporting H2. Regarding conversion rate, the generic version has a higher conversion (3.02%) than the average conversion rate of personalized versions (2.42%) meaning that study 2 does not support H3. However, we note that the generic version generated 1 821,60 € whereas the personalized emails generated 2 590,20 € which is a difference of 42.23% even though the conversion rate is again surprisingly smaller for the test group.

	Test groups				Test group (total)	Control group
	Calendula	MRC	SMCC	UFC		
Sent emails	3530	4890	1812	7875	18107	18075
Opened emails	1634	2479	971	3901	8985	8874
Open rate	46,3%	50,7%	53,6%	49,5%	49,6%	49,1%
Clicked emails	61	103	33	144	341	285
Click rate	1,73%	2,11%	1,82%	1,83%	1,88%	1,58%
Transactions	2	2	2	2	8	7
Sessions	76	89	31	135	331	232
Conversion rate	2,63%	2,25%	6,45%	1,48%	2,42%	3,02%
Turnover	75,00 €	605,60 €	523,50 €	1 386,10 €	2 590,20 €	1 821,60 €
Turnover/email	0,021 €	0,124 €	0,289 €	0,176 €	0,143 €	0,101 €

Table 4. Results of the second sending of study 2

#### 4.2.3. Results of both sendings

As a conclusion of both sendings, H1 is not validated by either sending which is consistent with the fact that the subject line was not personalized unlike study 1. Regarding the other hypotheses, the first study does not support H2's claim that the use of informative personalization generates more clicks as the difference is not statistically significant. However, the second submission does support H2 as the difference is statistically significant. Concerning H3, both mailings show that the use of informative personalization in the content

of an email does not induce a higher conversion rate even if the turnover generated by the personalized versions is higher than the one generated by the generic version.

#### 4.3. Study 3: non-informative personalization in the subject line of the email

For this last analysis, the Kiehl's database was used to test the impact of non-informative personalization in the subject line on consumer engagement. To do this, we decided to use the mention of the recipient's first name to see if this had an impact on the open rate, the click rate and the conversion rate. Indeed, as Miller and Charles (2017) mention in their research paper and Kumar, Zhang and Luo (2014), the decision to open an email is based on the only two visible elements which are the subject line and the name of the sender. This is why we decided to test here the use of non-informative personalization in the subject line, which is one of the only visible parts before opening, to analyze the open rate in addition to the click rate and conversion rate.

The Kiehl's database was therefore segmented into two groups to obtain the following breakdown:

- A control group composed of 95570 contacts from the Kiehl's database who will receive an email about the different cleansers of the brand with the subject line "Get the right cleanser for your skin 🧴".
- A test group composed of 95570 other contacts from the Kiehl's database who will receive exactly the same email but with the subject line " {Name}, Get the right cleanser for your skin 🧴 " with {Name} corresponding to the first name of the recipient

The two groups will therefore receive an identical email with the only difference being the mention of their first name in the subject line.

A last A/B test was conducted to compare the open rate, the click rate and the conversion rate achieved thanks to the emails between the test group and the control group and a statistical significance calculation with a significance level of 95% was performed. As shown in Table 5, the results indicated that the mention of the recipient's name in the subject line had an impact on the open rate: 37,10% of the recipients in the test group opened the email

whereas 36,60% opened the email in the control group with no mention of their name. The difference is statistically significant with a 95% level of confidence ( $p \text{ value} = 0.019 < 0.05$ ), supporting H4.

Regarding click rate, the results indicated that both groups had the same click rate which was 0.90%. No difference is therefore observed in the click rate when using the first name in the subject line. This analysis does not allow us to validate H5.

Finally, the conversion rate was also 54,29% higher for the personalized email (1.08%) compared to the generic email without the first name (0.70%). The difference is statistically significant with a 95% level of confidence ( $p \text{ value} = 0.019 < 0.05$ ), supporting H6. Moreover, there is a clear difference in turnover between the two emails, since the email mentioning the recipient's name in the subject line generated a turnover of 3725.60€, whereas the email sent to the control group generated a turnover of 600.90€. The email sent to the test group therefore generated 520% more turnover than the one sent to the control group.

A/B test	Sent emails	Opened emails	Open rate	Clicked emails	Click rate	Reactivity rate	Conversion rate	Turnover
Subject line 1: Get the right cleanser for your skin 🌿	95570	34979	36,60%	860	0,90%	2,40%	0,70%	600,90 €
Subject line 2: (Name), Get the right cleanser for your skin 🌿	95570	35456	37,10%	862	0,90%	2,40%	1,08%	3 725,60 €

Table 5. Results of study 3

#### 4.4. Hypothesis testing

To determine whether the use of informative personalization was responsible for a quantitatively higher consumer engagement, two A/B tests were conducted. The first A/B test consisted of using this type of personalization in the subject line of an email while the second A/B test used informative personalization in the body of the email. The second A/B test itself consisted of two sendings as a follow-up email was sent to validate or question the first results.

H1: Emails with informative personalized content is more likely to induce opening than generic emails.

To validate or reject this hypothesis, we base ourselves only on study 1 with the use of non-informative personalization in the subject line of the email since study 2 uses informative personalization only in the body of the email which is not visible at the time of the opening decision. The results of the A/B test in study A indicated a higher open rate for the personalized version (34.50%) than for the generic version (34.10%). The difference being statistically significant ( $p \text{ value} = 0.0289 < 0.05$ ), study 1 allows us to validate hypothesis 1.

H2: Emails with informative personalized content is more likely to induce clicking than generic emails.

In order to check the relationship between the use of informative personalization in the subject line of the email and the click rate, study 1 showed that the personalized version (1.90%) has a click rate 26.67% higher than the generic version (1.50%) and that this difference is statistically significant. As for study 2 with the use of informative personalization in the body of the email, the results are in agreement with study 1 since the personalized version has a click rate 10.35% higher than the generic version for the first sending and a click rate 19.6% higher for the second sending. Both studies therefore validate hypothesis 2.

H3: Emails with informative personalized content is more likely to induce conversion into purchase than generic emails.

The effect of informative personalization on conversion rate was also studied in study 1 and 2. The results of study 1 show that the email with informative personalization in the subject line had the exact same conversion rate than the generic version (0,37%). Study 2 shows that the generic version has a higher conversion rate in the first and second sendings compared to the email using informative personalization in the body of the email. The two studies therefore reject hypothesis 3.

The following three hypotheses were tested in study 3, which used non-informative personalization in the subject line of the email, taking as a variable the mention of the recipient's first name.

H4: Adding the recipient's name in the subject line in an email subject line increase the opening rate.

According to the results of study 3, when the first name of the recipient is mentioned in the subject line the open rate is higher. Indeed, the personalized version generated an open rate of 37.10% while the generic version recorded an open rate of 36.60%. This difference is statistically significant with a 95% level of confidence ( $p \text{ value} = 0.019 < 0.05$ ), validating H4.

H5: Adding the recipient's name in the subject line in an email subject line increase the clicking rate.

Concerning the click rate, it is identical for the personalized version and the generic version (0.90%). There is therefore no difference in the click rate when the recipient's name is mentioned in the subject line compared to when it is not. These findings do not support the hypothesis and therefore, the hypothesis 5 is rejected.

H6: Adding the recipient's name in the subject line in an email subject line increase the turnover generated by the email.

As for the turnover, that generated by the personalized version with the mention of the first name in the subject line is 520% higher (3725.60€) than that generated by the generic version (600.90€). This difference is highly significant and validates hypothesis 6.

## **5. DISCUSSION AND CONCLUSIONS**

This final section compares the theories and models discussed in the literature review with the results of our analysis in order to draw conclusions and future research directions.

### **5.1. Summary of the findings**

Of the six hypotheses formulated at the beginning of this research paper, four were validated by our analysis and three were rejected.

Regarding the use of informative personalization, the hypothesis that its use in an email generates a higher open rate than a generic email is validated since the use of a subject line matching the recipient's preferences obtained a higher open rate than the email with the non-customized subject. Regarding the effect of this type of personalization on the click rate, the results show that it is also positive since the email with personalized content had a higher click rate than the generic version. However, the results showed that the effect was not the same for the conversion rate and that the use of informative personalization did not induce a higher conversion rate, contrary to our assumption.

As for the use of non-informative personalization, adding the recipient's first name in the subject line maximizes the open rate and the conversion rate. However, the effect on the click rate was not similar since the mention of the recipient's first name in the subject line did not result in a higher click rate than the generic version without mentioning the first name.

Hypothesis	Result
H1: Emails with informative personalized content is more likely to induce opening than generic emails.	Supported
H2: Emails with informative personalized content is more likely to induce clicking than generic emails.	Supported
H3: Emails with informative personalized content is more likely to induce purchase than generic emails.	Not supported
H4: Adding the recipient's name in the subject line in an email subject line increase the opening rate.	Supported
H5: Adding the recipient's name in the subject line in an email subject line increase the clicking rate.	Not supported
H6 : Adding the recipient's name in the subject line in an email subject line increase the conversion rate.	Supported

Table 6. Results of hypotheses

## 5.2. Theoretical contributions



This research paper focuses on the effect of personalization on consumer engagement in the context of email marketing. The cosmetics sector was chosen as a specific area of analysis because as Marchessou and Spagnuolo (2021) mention in their paper, the shift to digital and ecommerce has led to the growth of personalization tools in the sector such as the use of quizzes to establish diagnoses and recommend tailored routines. The article also highlights the trend of personalized products and packaging in the sector which gives the customer a sense of uniqueness. On the other hand, personalization in the context of email marketing has been studied in many research papers but in a very specific way with for example focus on subject lines (Miller and Charles, 2016), hyperlink text (Stewart and Zhang, 2003) or newsletter design (Kumar, 2021). Therefore, this thesis aims to blend two key notions that are closely related to personalization: email marketing and the field of personalization. The choice to focus on the effect of these two concepts on consumer engagement aims to help companies operating in the sector to have a look at the user's perspective on this marketing tool and to adapt their content accordingly.

In addition, answers to the main research questions and the four sub-questions are provided alongside the theories outlined in the literature review. Whether supporting existing models or discussing new contributions, this thesis completes the gaps on the subject of personalization in email marketing. To best answer the main research questions in as much detail as possible, the sub questions are discussed first.

### ***Sub question 1: How is email marketing used by B2C companies?***

This sub-question is a broad question that could also have been the subject of a main research question. However, it was an essential starting point for understanding the use of personalization in the context of email marketing.

The literature review highlighted the place of email marketing in brand communication strategies. As Ponomareva and Nozdrenko (2021) point out, direct marketing is a technique that allows companies to get closer to consumers and influence consumer behavior (Kumar, Zhang and Luo, 2014). According to our research, this is indeed an effect of email marketing, but only if the consumer agrees to follow the customer journey dedicated to them via email

marketing by opening the email. As the results of the various studies show, the maximum opening rate observed is 53.6%, which corresponds to just over half of recipients who have agreed to receive communications who have opened the content. This result highlights the importance of the subject line, which is one of the first elements that the recipient sees when receiving an email, as highlighted by Paulo, Miguéis and Pereira (2022). Email marketing is therefore used by companies as a tool to seek the interest and attention of the recipient.

Furthermore, Allen (1997) highlighted the usefulness of email marketing as a long-term dialogue tool. The results of our research are in line with this theory and show that email reminders help to maintain this relationship. In study 2, with two sendings within four days of each other of the same email with the same subject line, we can see that the open rate is higher with the second sending, with an average for the personalized email of 49.6%. Regular emailing therefore allows B2C companies to maintain their presence in the mind of the consumer.

Regarding the implementation of email marketing itself, our research highlights an important, albeit implicit, point. While Merisavo and Raulas (2004) touted email marketing as a low-cost solution, the Kiehl's example highlights the complexity of using personalization through the determination of relevant targeting based on the brand's ranges, the programming carried out by the CRM agency and the creation of multiple versions of an email. These crucial steps in the use of email marketing are time consuming and costly for companies wishing to take advantage of the full benefits of this marketing tool. We note in particular the remarkable performance of the personalized newsletter of study 2, which was sent to a target group that was studied and refined during months of work on the consumption and prospecting habits of customers. The version sent to SMCC appointees in the first mailing generated an open rate of 51.4% and a click rate of 3.11%. In comparison, the personalized email sent on the same range theme in study 3 had an open rate of 36.60% and a click rate of 0.90% as the targeting was not as refined as in study 2. Targeting is therefore an element that should not be neglected in the implementation of an email marketing strategy.

***Sub question 2: How is personalization affecting email marketing?***

Firstly, this research paper highlights the difference between informative personalization which has a persuasive purpose on its own and non-informative personalization which has no persuasive power on its own, but which added to content lends persuasiveness to the message. This differentiation is based on Sahni, Wheeler and Chintagunta's (2018) definition of personalization. These 2 types of personalization highlighted show a minute possibility of customization that personalization allows in terms of email marketing. Whether it is the mentioning of the first name, or the creation of tailor-made offers as analyzed in this thesis, or the mentioning of the closest shop to the recipient or the number of loyalty points of the customer, the range of possibilities is very wide.

Tam and Ho (2005) point out in their paper that the use of user-specific attributes in the marketing strategy can encourage the recipient to buy. This theory is supported in the case of non-informative personalization as shown in study 3 with the personalized version generating a higher conversion rate and turnover compared to the generic version. However, this theory is rejected in the case of non-informative personalization as shown in study 2 with a personalized email having a conversion rate smaller than the generic version. This result is quite astonishing given the sophisticated targeting used and the ultra-personalized segmentation used in study 2. Our analysis is in contrast to the theory of Staats and Staats (1958) which states that the recipient develops a positive attitude towards products that are recommended to him because he associates them with his own person. In this case, the personalization did not encourage the buyer to buy, unlike the personalized email with the first name which added value to the generic email in terms of conversion. The persuasive power of non-informative personalization in email marketing has therefore been highlighted in terms of conversion, unlike informative personalization. If we take up the theory of the elaboration likelihood model, personalization has an impact on the decision to buy via the peripheral route thanks to non-informative personalization by using attributes of the recipient to show that the email is personally addressed to them.

Regarding the model established by Fan and Pool (2006) stating that the personalization process involves the choice of the elements to be personalized, the target and the initiator of the personalization, our analysis highlights the importance of these 3 choices. Indeed, the fact that we conducted several studies with different targeting and different personalized elements allows us to verify the importance of the first two choices. We did observe

differences in the open rate, click rate and conversion rate between the tests conducted with the different combinations. The individualized targeting of the first name type increases the open rate and the conversion rate, whereas the targeting grouped by franchise increases the open rate and the click rate.

***Sub question 3: How is email marketing supporting consumer engagement?***

Personalization in email marketing is used as a way to make the message content more impactful and engaging and have a positive effect on consumer engagement according to many theories. (Ansari and Mela, 2003) In their experiment, Sahni, Wheeler and Chintagunta (2018) show that adding the recipient's name in the subject line can increase the open rate of an email by 20%. Our research replicated the experiment in the cosmetics sector by analysing the click rate and conversion rate in addition to the open rate. We also observed a significant increase in the open rate when the recipient's first name is mentioned in the subject line, supporting the hypothesis established by previous authors concerning one of the consumer engagement metrics. Moreover, as the open rate is considered as the first step of consumer engagement (Micheaux, 2011), personalization is only beneficial to make the consumer want to enter this process.

Our analysis is also in line with the theory of Kumar, Zhang and Luo (2014) who state that a high open rate leads to a high spending level. Indeed, our results show a positive correlation between open rate and turnover or even conversion rate when using non-informative personalization and more precisely the mention of the recipient's first name.

Returning to Sahni, Wheeler and Chintagunta's (2018) research which highlights that the recipient is more likely to continue the customer journey if the email matches their tastes, our results show that a high open rate does indeed result in a high click rate but not a high conversion rate. This is the example of our studies 1 and 2 with the creation of newsletters adapted to the recipients' preferences. This means that the recipient is much more likely to continue the customer journey to the brand's website by clicking on an element of the email but does not necessarily continue the customer journey by making a purchase.

Concerning the use of non-informative personalization, Sahni, Wheeler and Chintagunta (2018) demonstrate in their analysis that the mention of the first name in the subject line generates an increase in sales which our analysis confirms. Indeed, study 3 shows that the personalized email has a higher turnover and conversion rate than the generic version. As for the click rate, the hypothesis on the supposed positive impact of personalization on the click rate is rejected by our analysis. The analysis of the click rate was not part of the research of Sahni, Wheeler and Chintagunta (2018) and for this reason we wanted to test this proposition by assuming that the positive effect observed on the open rate and the conversion rate would be similar for the click rate. In the end, this was not the case.

Another important contribution to the impact of personalization in email marketing is that the turnover generated by an email with personalization, whether informative or not, is higher than that of a generic email. So even if the conversion rate is not higher as in the case of informative personalization, the turnover generated is statistically higher. This means that the average basket per customer is higher when personalization is used in the case of informative personalization. It can be assumed that customers who have been seduced by email are even more seduced when personalization has been used and therefore consume more.

***Sub question 4: What are the main challenges when using personalization in email marketing?***

In the literature, we mentioned the difficulty of creating a base by obtaining the consent of consumers, then maintaining them in their base, gaining their trust and avoiding generating a feeling of overload among the recipient.

Concerning the feeling of overload, this was tested implicitly in study 2 with the sending of a first email and a reminder three days later which is in fact a new sending of the email. By sending the same email twice at intervals of a few days, one might expect lower consumer engagement metrics for the second email or even a feeling of overload on the part of the recipient. However, this is not the case for the open rate and conversion rate, which are higher for the second mailing for all versions except the UFC franchise. As for the click rate,

it is lower for the second sending except for the MRC franchise. These results show that repetition is not the cause of a feeling of overload and can, on the contrary, be beneficial.

On the issue of intrusiveness, which is closely related to trust, studies by White et al (2007) and Sahni, Wheeler and Chintagunta (2018) highlight the negative reaction a consumer may have when they receive personalized content such as the mention of their first name. Our analysis in Study 3 of the first name subject line showed the opposite with a higher open rate and conversion rate in the first name version and a similar click rate in both cases. On the contrary, the effect was positive as assumed by our hypotheses on the open rate and conversion rate. The mention of the first name is not associated with a violation of privacy or an intrusion, probably because it was communicated voluntarily by the recipient.

***Main research question: How do B2C companies use personalization in email marketing to create consumer engagement in the cosmetics industry?***

The aim of this thesis was to provide insights into the literature on the effect of personalization in email marketing on consumer engagement in the field of cosmetics which has been little or not studied on the subject of newsletters. In order to answer the main research question, we have answered each sub-questions point by point in order to identify the main lines of response to the main research question. This paper compared informative and non-informative personalization using the example of mentioning the recipient's first name and creating a personalized offer. The successive analysis of these two forms of personalization by noting the open rate, the click rate and the conversion rate allowed companies to clarify their different effects on the consumer.

Consumer engagement, described in the literature review as a complex concept (Sahni, Wheeler and Chintagunta, 2018), was simplified and summarized in three metrics that allowed us to see the concrete effect of personalization on this notion. It turned out that personalization had different effects on consumer engagement depending on whether it was informative or non-informative. Indeed, a real difference must be made between the use of personalization based on personal information provided by the recipient such as their first name and gender, and personalization enabled by in-depth targeting and segmentation work to provide content that matches the preferences of the recipient.

Both forms of personalization are similar in that their use in the subject line has a positive effect on the open rate, which is a crucial stage of consumer engagement as it is the starting point of the customer journey when they receive a communication by email. It is therefore recommended that companies in the cosmetics sector use personalization in the subject line to convince the recipient to open the email. Particular attention should be paid to the creation of a personalized subject line that will give the recipient a sense of uniqueness. This is also the theory that was supported by Sahni, Wheeler and Chintagunta (2018) who conducted the same kind of experiment with the mention of the recipient's name in the subject line. This thesis not only replicates their analysis in the field of cosmetics, but also updates it by comparing it with the same type of experiment using informative personalization and choosing different placements (subject line or body) to evaluate the effects on consumer engagement. It was observed that personalization can contribute to the success of a newsletter as argued by Feld et al. (2013) but that there are specific characteristics of each type of personalization used that were highlighted in our study .

With regard to informative personalization, its use increases the click rate but not the conversion rate. This is in contrast to non-informative personalization, which does not increase the click rate but the conversion rate. These results show the need to study personalization from all angles, because depending on the type of personalization used, the effect on consumer engagement is not the same. Contrary to Desai's (2019) theory, informative personalization in the body of the email has no impact on the click rate but, the impact on conversion rate is supported and in line with the paper written by (Kumar, Zhang and Luo, 2014) about the importance of delivering a relevant marketing message to increase spending levels.

Finally, our analysis highlights the work involved in personalization, which is not a simple tool to implement and use. The results show the importance of targeting with significant higher consumer engagement metrics in general when a rich segmentation is used as Kiehl's uses on a franchise basis.

### 5.3. Practical implications

The practical contributions of this thesis are grouped around two axes: the recommendations in terms of choice of personalization and its use in order to benefit from it.

Firstly, it is recommended that companies operating in the cosmetics sector define their objectives in order to choose the most relevant emailing strategy and therefore the most appropriate personalization. Indeed, as the results showed, recipients are more likely to click on the content of an email when it contains informative personalization as opposed to the use of non-informative personalization which showed no effect on the click rate. However, recipients are more likely to make a purchase after reading an email containing non-informative personalization than informative personalization. This contribution to the literature is interesting for companies who have every interest in choosing the type of personalization they wish to use according to their objectives. If the objective is to increase traffic to the site by encouraging recipients to click on the content of the email, then informative personalization is a powerful tool. On the contrary, if the objective is to increase the number of orders placed on the brand's website, then non-informative personalization is the tool to use.

Regarding the open rate, both types of personalization tend to have a positive effect on it as it was found to be higher for personalized versions compared to generic versions sent. This result is important for companies who are all aiming to achieve higher open rates as all the content work in an email is of little use if the email is not opened. It is therefore essential for companies to seduce the consumer from the subject line onwards and personalization in its two forms is positioned as a means of attracting the attention of the recipient so that they continue their customer journey. Companies should therefore seriously consider the systematic use of personalization in the subject line as this can only be beneficial for the performance of their email, even before thinking about the click rate or conversion rate, which are only quantifiable once the email has been opened.

Another recommendation for marketing teams of cosmetic companies: develop relevant targeting. Indeed, efforts to integrate personalization in the emailing strategy are useless if it is not addressed to the right target. As the analysis conducted in this thesis has shown, the use of the advanced targeting developed by Kiehl's had a positive effect in terms of consumer engagement as the three metrics were much higher when this segmentation was used



compared to the two other studies that had similar messages. The personalization used therefore plays a key role as mentioned above but its positive effects can be multiplied tenfold if the right targeting is chosen.

Finally, it is recommended that A/B tests be carried out frequently, as the results obtained are not necessarily those expected. This type of test allows companies to better understand their base, their expectations, and reactions in order to better understand the recipients. The same applies to segmentation, as we have observed different reactions to personalization between franchises. Carrying out A/B tests therefore makes it possible to push personalization further by adapting to particular segments and offering them the most relevant content and personalization.

#### 5.4. Limitations and future research

This section highlights the limitations of our analysis while suggesting future avenues of research on the subject of personalization in email marketing.

Firstly, our different studies were carried out on a single database, that of Kiehl's, so it is difficult to generalize. Our analysis provides insights into the subject of personalization, but it would be helpful to compare the results with other companies in the sector. It should also be remembered that Kiehl's is a skincare-only brand, which certainly represents a large share of the cosmetics market, but it would therefore be necessary to conduct this analysis of the effect of personalization on consumer engagement within make-up or hair care companies for example. The results may be different depending on the cosmetics sub-sector studied.

Also, the results of our analysis are valid at a given point in time, but digital and e-commerce are known to be in perpetual motion. It is therefore strongly recommended to repeat this kind of A/B test regularly to analyze the evolutions in consumer behavior. Indeed, the reactions of the recipient can be subject to so many factors such as the date, the time, the inflation which influences the purchasing power or even the health crisis. It is therefore important to update the subject regularly.

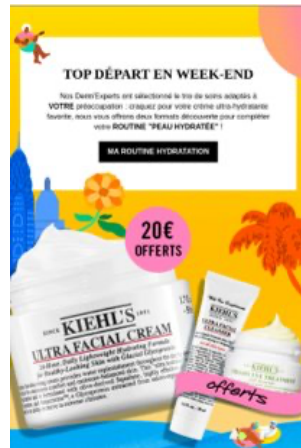
In addition, the two types of personalization, informative and non-informative, were analyzed through two concrete examples: the mention of the recipient's first name in the subject line and tailor-made offers. However, there are countless possible personalization based on location, purchase history, or interests. This is just a small example of what personalization can do and it would be stressful to gain insights into other personalization techniques and even test several at once to see the peak of the benefits of personalization and its limit of overload and intrusion.

Another element missing from our analysis is the recipient data, which is kept confidential by the brand. It was therefore impossible to make a comparison by gender or age group in order to draw other conclusions. This is therefore an avenue that can be explored in future research to determine the differences in reactions between containers. As Gefen and Straub (1997) show in their study, a same communication can be perceived differently according to gender. The age of the recipient is also an interesting characteristic to study as the effect of email marketing is different for different age groups and there is a tendency for younger people to open their email less than older recipients. (Statista Research Department, 2021) Another data point that deserves further analysis is the unsubscribe rate. Indeed, opt-in and opt-out are part of the challenges of email marketing and therefore a fortiori of personalization. It would therefore be interesting to add this metric to the three others studied in our analysis in order to gain more insights into consumer behavior and in particular into the causes of unsubscribe.

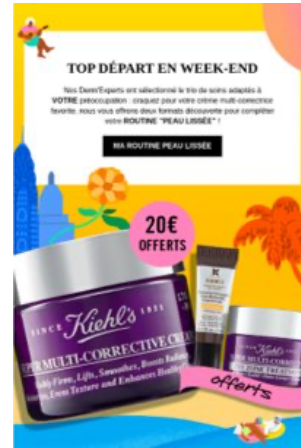
Segmentation is also an area to consider for future research as it is closely linked to personalization. By definition, personalization allows us to offer tailor-made content to the customer. Sometimes targeting can be individualized, such as the mention of a first name, and sometimes it is grouped, i.e., the recipients are grouped together in a targeting group according to a common point, such as their preferred range. However, to make use of personalization, it is necessary to be able to set up this targeting in order to apply the desired personalization. It can therefore be useful for companies to test a form of personalization on a number of different targets to see where it is most effective and generates the most positive feedback.

## APPENDICES

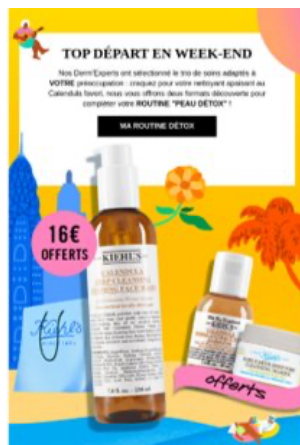
## Appendix 1: Personalized emails sent in Study 2



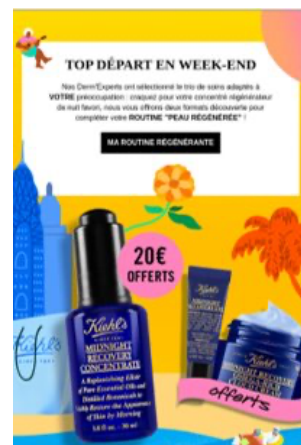
UFC version



SMCC version



Calendula version



MRC version

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