The Hong Kong University of Science and Technology

Department of Information Systems, Business Statistics and Operations Management

Seminar Announcement

Miss the Mark but Not the Bull's-Eye: Recommending Products to Dormant Customers in Email Marketing
by
Prof. Tat Koon KOH
Associate Professor
The Hong Kong University of Science & Technology

Date	**:**	**Thursday, 6 April 2023**
Time	**:**	**11:00 am - 12:30 pm**
Venue	**:**	**LSK 4047, ISOM Conference Room**

Abstract: Engaging dormant customers can reduce churn and improve revenues. Contrary to the common practice of sending discount-based emails to dormant customers, this study proposes showing product recommendations in (nondiscount) emails to engage them. Although recommendations can be inaccurate when firms lack updated data to infer dormant customers' prevailing needs, we theorize that showing recommendations in email marketing can nonetheless trigger their interest in exploring firms' products and improve campaigns' click rate. We further submit that those who click in the campaigns will more likely exhibit favorable post-campaign behaviors. We test our theorizing using two experiments. In an experiment on Amazon Mechanical Turk, when a set of products was presented as recommendations in a hypothetical marketing email, dormant customers were more interested in exploring the firm's products, including those that had not been recommended. In a field experiment with a global consumer electronics brand, including product recommendations in an email marketing campaign for dormant customers increased the click rate. Furthermore, those who clicked in the campaign were more likely to (1) open and click in subsequent email communications and (2) purchase. Interestingly, although the recommendations in the experiments were likely or mostly inaccurate, they still effectively engaged dormant customers.

Bio: Prof. Tat Koon Koh is an Associate Professor in Information Systems at HKUST. He received his Ph.D. and MSc. from Carnegie Mellon University and B.Bus from Nanyang Technological University. His current research interests include digital economy and platforms, crowdsourcing, and digital marketing. His research has appeared in Information Systems Research, MIS Quarterly, Journal of the Association for Information Systems, and other outlets.