Email Marketing Insight

2012/13

A research project into Irish marketers' use of email

Contents

The Marketing Institute

NEWSWEAVER
powering email engagement

Foreword by Tom Trainor

The Marketing Institute, in partnership with Newsweaver, has yet again generated an important report that gives marketers an insight into how their peers in Ireland are utilising email marketing to create value for their organisations.

Email emerges from the 2012 Email Marketing Insight Report as an indispensable channel for Irish marketers to enable them sustain relationships with their core audiences. The report outlines how the increasing adoption of email software to manage email marketing campaigns is reaping dividends for businesses through higher open rates and verifiable return on investment. These characteristics of email marketing are behind Irish marketers' readiness to invest in email as a channel as stated in the report.

Irish marketers' increasing ability to serve personalised content has allowed Irish companies to improve the value garnered from email marketing campaigns. As the digital revolution generates larger and larger volumes of data, the importance of leveraging this data to create value has never been more critical for businesses competing in today's demanding business climate. Evidence in the report of increased tracking of email marketing is a welcome trend. It is imperative for marketers, in particular, in this challenging environment to defend their position and influence by establishing a clear link between their activities and the bottom line.

Respondents reported a large increase in the integration of social media and email marketing. While a debate rages about how to measure the impact of social media on ROI, the case study provided in the report demonstrates the value of a multi-channel approach to digital marketing. While linking social media spend to ROI and integrating social media data into CRM systems remains a challenge for many marketers, email provides an amplification effect that helps link social media activities to ROI.

 Irish marketers view the rapid adoption of mobiles and tablets by consumers as providing valuable opportunities for businesses to more closely engage with their customers. There's never been a more exciting time for marketers engaged in email marketing.

Tom Trainor

**Chief Executive
The Marketing Institute**

Introduction by Andrew O'Shaughnessy

We are delighted to work once again with The Marketing Institute on this, the fourth Email Marketing Insight report.

The report will be of interest and reference to marketers seeking insight into emerging trends and attitudes towards email marketing.

The flexibility of email is something that is evident from this report, with respondents highlighting the multiple ways they use the channel in their business, from lead generation to sales, right through to customer relationship management and internal communications. It's this flexibility along with 'the power of push' that makes email one of the most effective communication tools available to marketers today.

So it's not surprising to find that Email remains a 'very important' or 'important' part of a company's marketing strategy, and also that this report shows continued growth in the use of advanced email solutions to create, deploy and measure results of email campaigns. Through the use of advanced personalisation and dynamic content we have seen the importance of email rise in businesses which reaffirms that email can be a cost effective, transparent channel in an economy where marketing budgets have seen significant reductions in recent years

This year, the integration of social media in email continues to be an area of growth however respondents have also identified 'Mobile Email' as an exciting area of opportunity in the future. These are opportunities that marketers should embrace and the ones that do, will have a clear competitive edge over those that do not.

Andrew O'Shaughnessy

CEO
Newsweaver

Executive Summary

In line with 2011, the popularity of email remains strong amongst marketers with over 84% describing email as either an important or very important component of their overall marketing strategy. This reaffirms the 2011 result which at that time indicated a significant jump in the importance of email within the marketing mix. This might be attributed to decreasing marketing spend in recent years, with email comparatively less expensive but generating greater transparency in marketing effectiveness and ROI.

The cornerstone of any successful business is their ability to develop and nurture customer relationships. With the majority of respondents citing email as a vital tool for maintaining these relationships, there is continued faith and trust in the power of the inbox. Likewise the use of email for communicating internally and building brand awareness remains popular among respondents in line with previous years.

It is apparent that there are challenges for marketers in their use of email with swamped inboxes and spam eroding trust in email, however research is showing these issues are less prevalent among respondents that use advanced web based email tools for their sends. It is also apparent that companies with larger marketing departments and larger databases are less likely to use personalisation in their emails which might point to the challenges that exist in maintaining customer records.

Furthermore, we have seen a significant rise in the use of social media in emails which presents opportunities for marketers, and with the ever-increasing penetration of mobile and tablet devices, unsurprisingly marketers have indicated 'mobile email' as the biggest opportunity for success in the future.

## Some of the major findings of the 2012 report:

- Companies are mostly using email for maintaining customer relationships (94%), Internal Communication (70%), Building Brand Awareness (89%) and Increasing Website Traffic (84%).

- 55.3% have a database of less than 5000 email addresses.

- 67% of respondents are using some form of advanced email software to conduct email marketing campaigns.

- Since 2011, there has been a 4.2% increase in numbers using personalisation and a 3.5% increase in the numbers using dynamic content.

- Open rates and click-through rates remain the most popular metrics tracked regularly.

- Companies using dynamic content are considerably more likely to have open rates between 20% and 50% compared to those using less or no personalisation.

- The majority of respondents spend less than 5% of their marketing budgets on email marketing.

- Swamped inboxes and spam eroding trust in email are still perceived to be the biggest challenges in email marketing.

- Since 2011, there has been a 12.8% increase in the numbers using social media in their emails.

- 54.7% of respondents felt that mobile email holds the biggest opportunity for email success. Integration with social networks (44.7%) and advanced email based on integration with customer databases (34.8%) were also popular choices.

About the Research

This is the fourth year of the survey which aims to identify trends and behaviours in the use of email marketing in Ireland. The research was conducted through an online survey sent to over 3000 Irish marketers.

471 business professionals completed this year's survey, ranging from sales and marketing executives to company CEOs and owners of small, medium and large organisations. A cross section of industry types and sizes are represented and include those working in both B2B and B2C sectors.

Q What is your job title?

11% 11%

23%

55%

■ Account/Sales Management

■ Owner/CEO/Director/MD

■ Marketing/Brand Management

■ Other
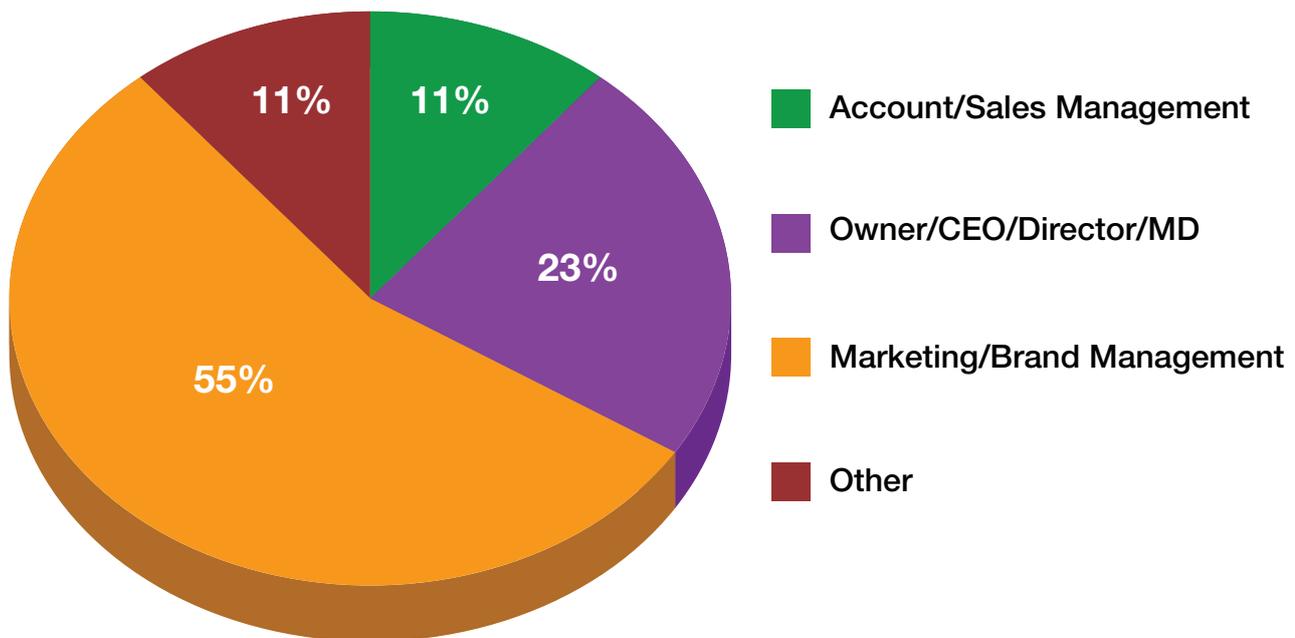
Q Which industry sector is your organisation in?

Industry Sector	Percentage
Marketing/Media/Publishing	~17%
Banking/Finance/Insurance	~12%
IT/Telecommunications	~11.5%
Consulting	~8%
Education/Training	~7.5%
Retail	~6.5%
Medical/Healthcare	~5.5%
Non profit/Trade association	~5.2%
Manufacturing	~4.3%
Wholesale/distribution	~3.8%
Transportation/Travel	~3.8%
Hotel/Restaurant	~3.2%
Government	~3.2%
Entertainment	~2.8%
Construction	~2.4%
Agriculture/Forestry/Fishing	~2.2%
Utilities	~0.8%

The majority of respondents were from the Marketing/Media/Publishing sector. Retail and Banking/Finance/Insurance classified themselves as B2C. IT and Telecommunications classified as B2B.

Q **Which of the following best describes your organisation's marketing audience?**

- **27%** Only businesses
- **23%** Primarily businesses
- **19%** Split between businesses and consumers
- **17%** Primarily consumers
- **12%** Only consumers
- **2%** Don't know
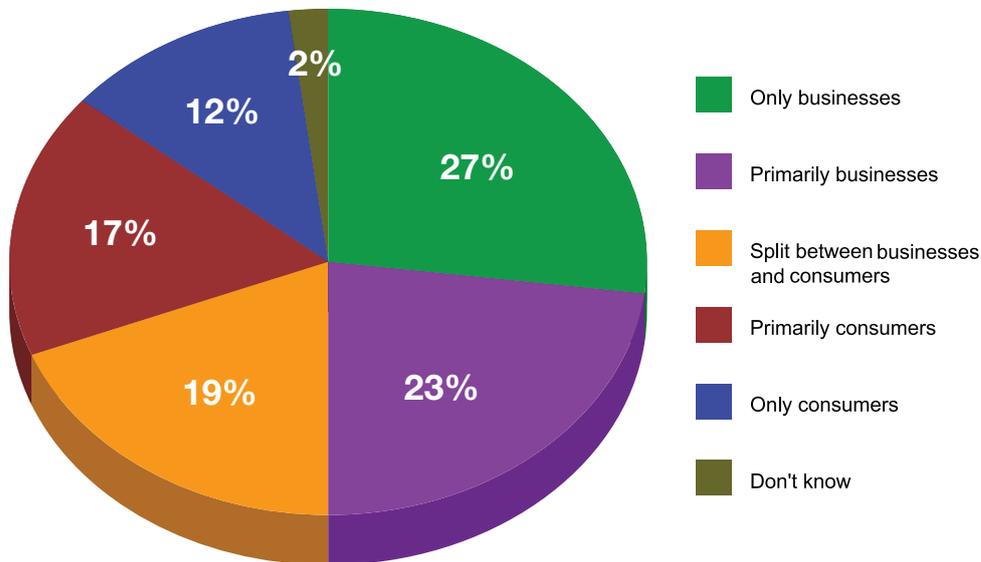
Q **How many marketing personnel are there in your organisation?**

In order to assess the scale of organisations participating in this year's survey, we asked respondents to indicate how many marketing staff are employed in their business.

1 part-time — 25%
1 full-time — 28%
2-4 full-time — 27%
5-10 full-time — 11%
10+ full-time — 9%
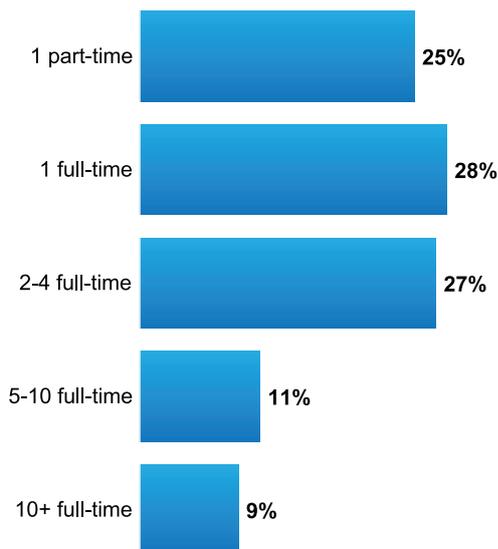
In comparison to 2011, there was a considerable increase in the number of companies with 1 part-time person (6.1% increase) and 10+ full-time people (3.7% increase).

85% of respondents who reported having 10+ full-time people were from the B2B marketplace.

This represents a positive trend in employment figures, given that the 2011 report showed a decrease in marketing personnel in comparison to earlier surveys.

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Q How important is email as part of your overall marketing strategy?

In line with 2011 the overwhelming majority of respondents (84%) state that email as part of their marketing strategy is either "very important" (44.9%) or "important" (35.5%).

This highlights the continued importance and effectiveness that marketing professionals give to email as a powerful channel to meet their business objectives.

- Very important — 44.9%
- Important — 39.5%
- Neither important or unimportant — 11.1%
- Not important at all — 4.5%
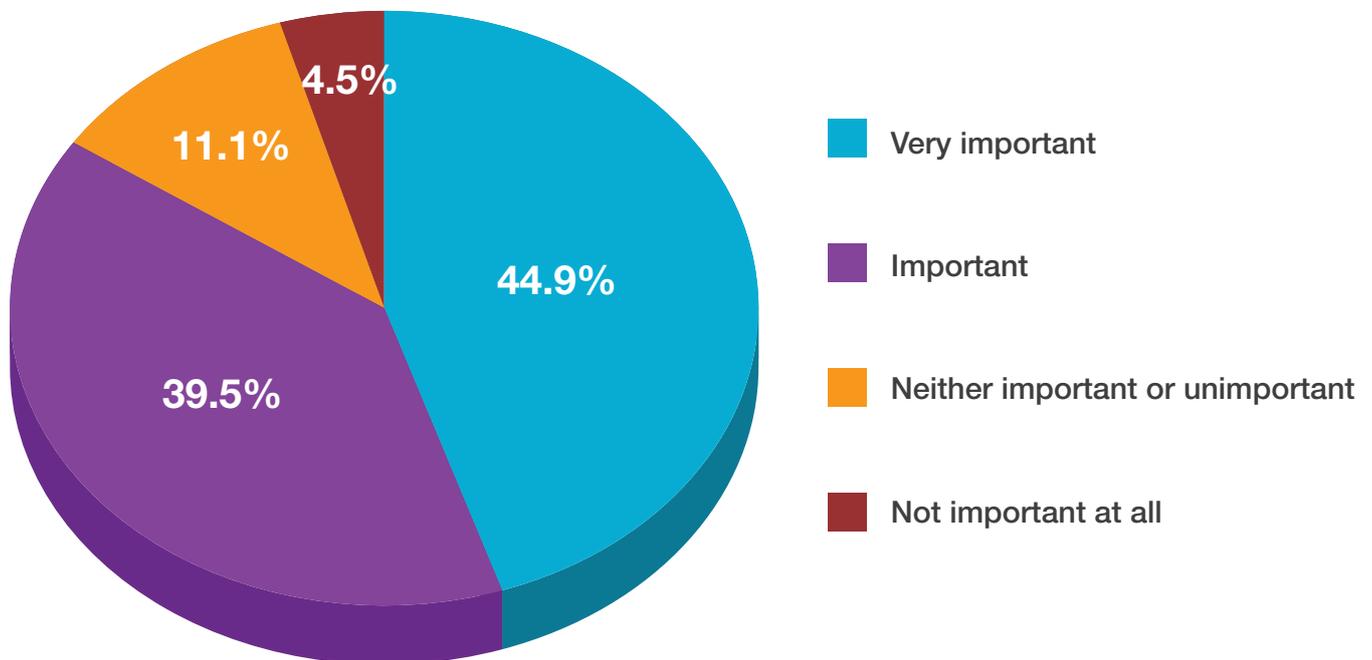
Q Which of the following do you use email marketing for within your organisation?

	Always	Sometimes	Never
Internal communications	56%	24%	20%
Increasing website traffic	43%	41%	16%
Driving offline sales	26%	49%	25%
Building brand awareness	45%	44%	11%
Driving direct online sales	27%	35%	38%
Generating new sales leads	32%	49%	19%
Maintaining customer relationships	63%	31%	6%

As with previous years, the majority of respondents always utilise email for maintaining customer relationships (63%) and Internal Communication (56%). Building Brand Awareness (45%) and Increasing Website Traffic (43%) were also popular selections. While there is no significant change from the 2011 report, these results positively reinforce the flexibility of email to perform a number of business functions.

Q **What email marketing solution are you currently using?**

- Regular email (such as outlook) — 28.4%
- Advanced web-based solution — 21.4%
- Basic web-based solution — 16%
- In-house system — 15.1%
- Outsourced to an email service provider — 14.8%
- Don't know — 4.3%
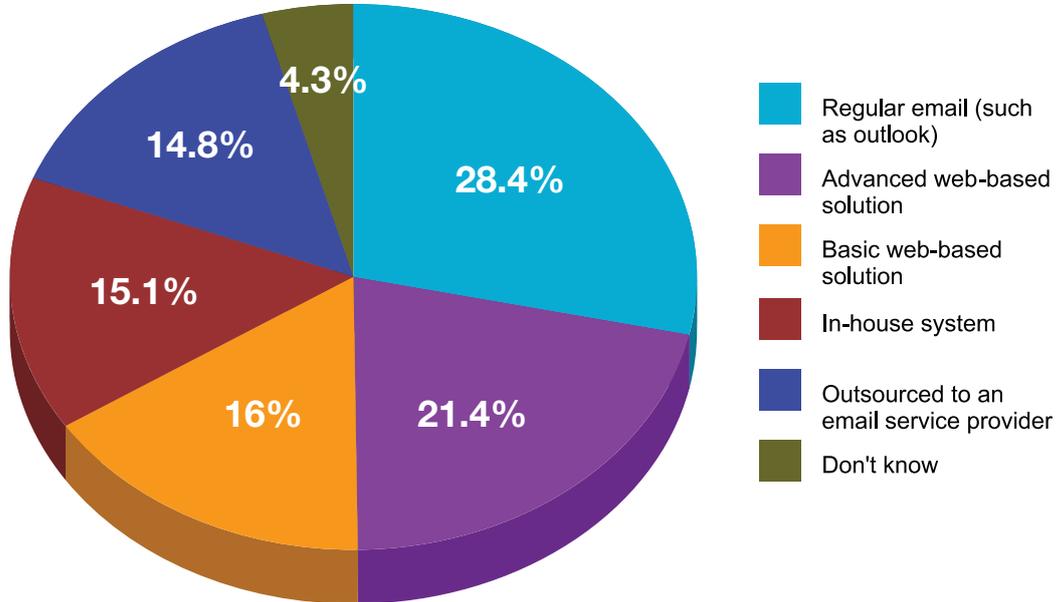
67% of respondents are using some form of software to conduct email marketing campaigns. This is up 2% from 65% in 2011. Of those using advanced web-based solutions, 79% were involved in B2B marketing. We continue to see a decrease in the number of marketers using regular email to conduct their campaigns.

For companies using higher levels of personalisation, advanced web-based solutions are the most popular solution. This is due to the greater functionality available.

Regular Email / Advanced Web-Based

	Regular Email	Advanced Web-Based
Dynamic content	23.8%	33.3%
More than name	19.6%	21.4%
Name only	29.9%	23.1%
None	30.9%	17%
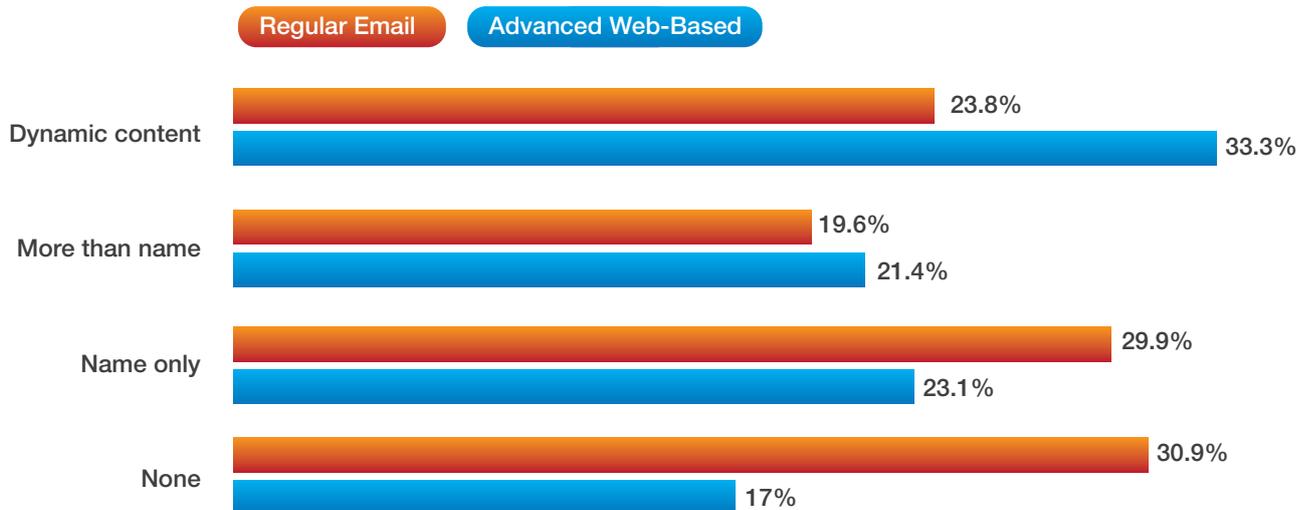
Q On average, how often do you conduct email marketing campaigns?

The majority of respondents (63%) conduct email marketing campaigns at least once a month which shows an increase of 5% on 2011 figures.

- **At least once a month** — 63%
- **Less than once a quarter** — 20%
- **Less than once a month** — 17%
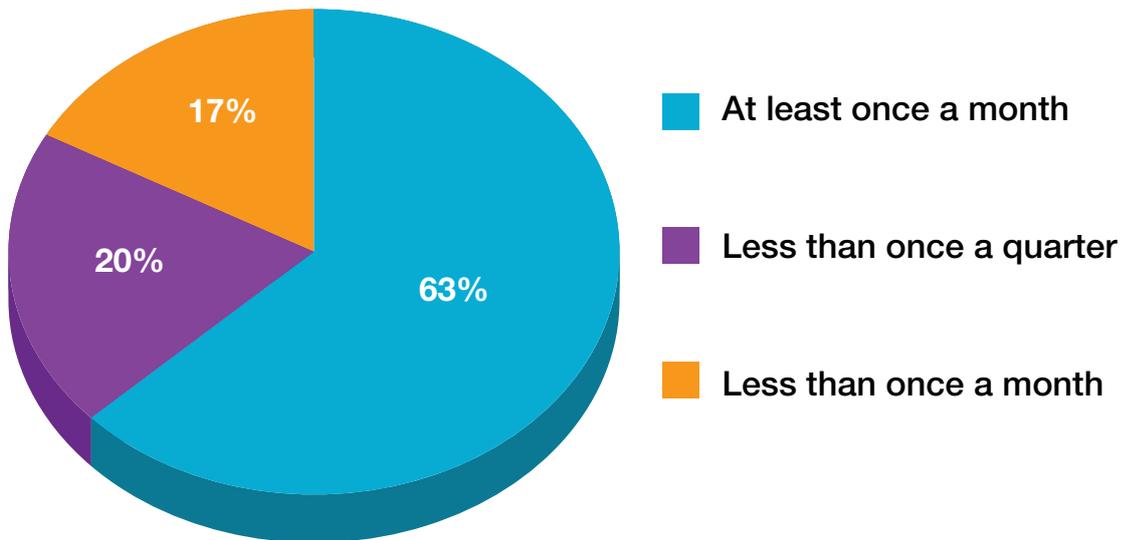
Q What is the approximate size of your email database?

A considerable majority of respondents (55.3%) have a database of less than 5000 email addresses.

Size	Percentage
<5k	53.3%
5k-25k	20%
25k-100k	10.6%
100k-250k	2.2%
250k+	4.1%
Don't know	7.8%
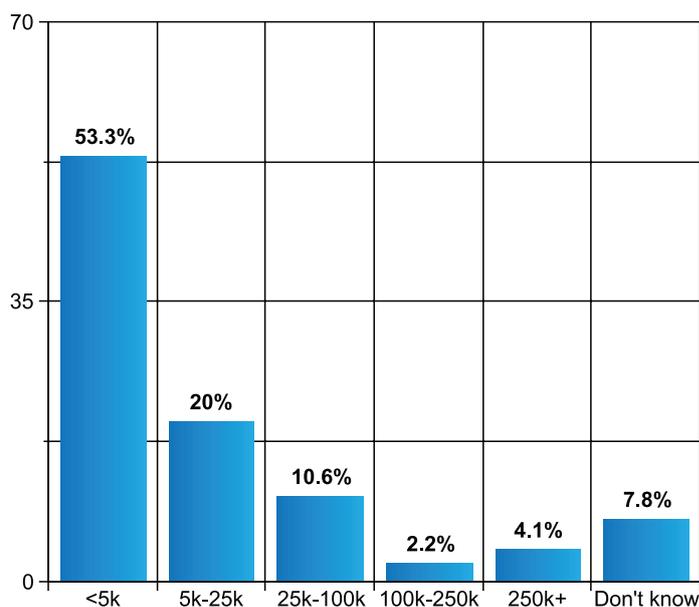
Results

As can be seen in the diagram below, in comparison to 2011 there is an increase in the number of respondents with larger databases.

|	2011	2012
< 5,000 email addresses	56.4%	55.3%
5,000 - 25,000 email addresses	24.9%	20.0%
25,000 - 100,000 email addresses	8.9%	10.6%
Don't know	6.3%	7.8%
250,000+ email addresses	2.3%	4.1%
100,000 - 250,000 email addresses	1.1%	2.2%
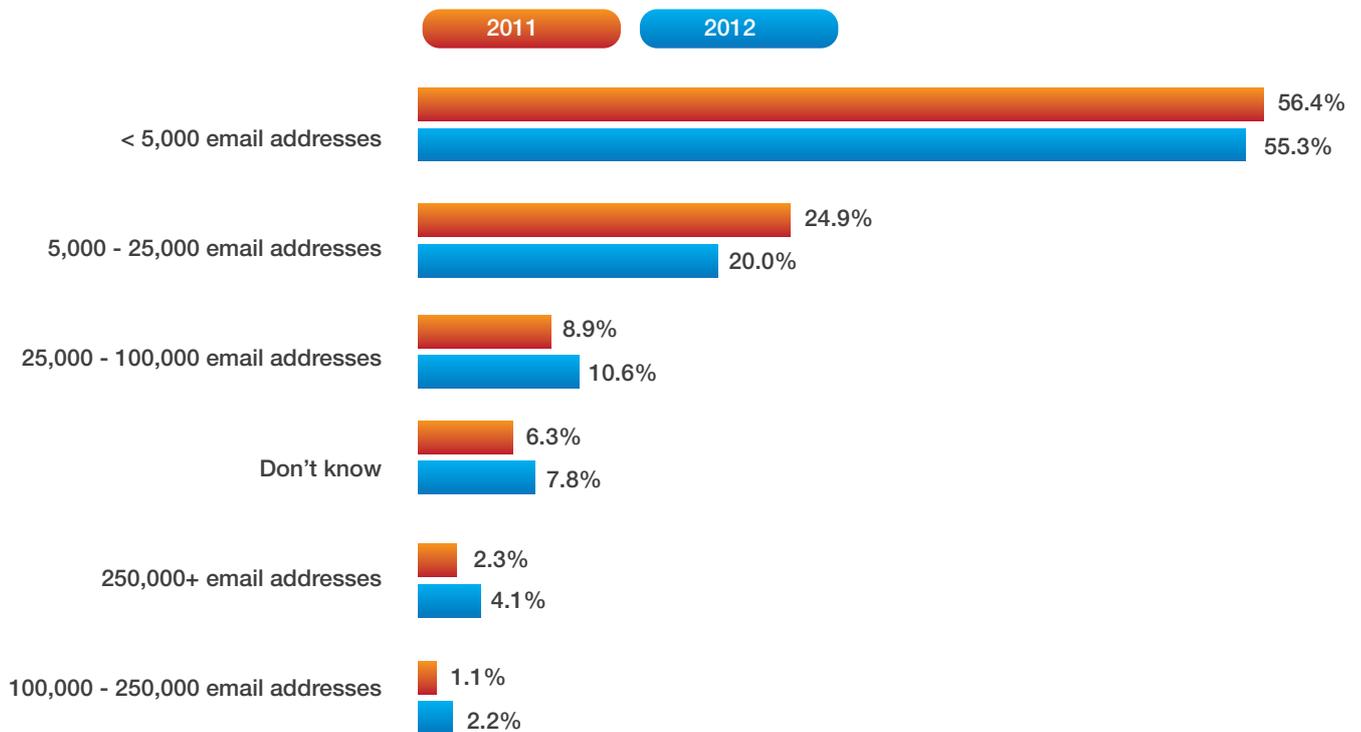
Unsurprisingly, database size varied greatly between B2B and B2C companies. Databases of less than 5000 email addresses were considerably more frequent with B2B companies (79% B2B in comparison to 21% B2C).

As one would expect, companies with larger databases tended to have greater numbers of marketing personnel.

Q On average, what level of personalisation do you use in your email marketing?

Personalisation and segmentation are key to getting the most out of email marketing. Relevant, targeted and timely email campaigns are likely to yield the best return on investment.

A significant proportion of respondents (68.5%) do not personalise their email campaigns or only do so by name, an increase from 2009 (64%).

- **By Name only** — 41.1%
- **By more than name** — 15%
- **Use targeted content to specific user** — 11.5%
- **Do not personalise** — 27.4%
- **Don't know** — 5%
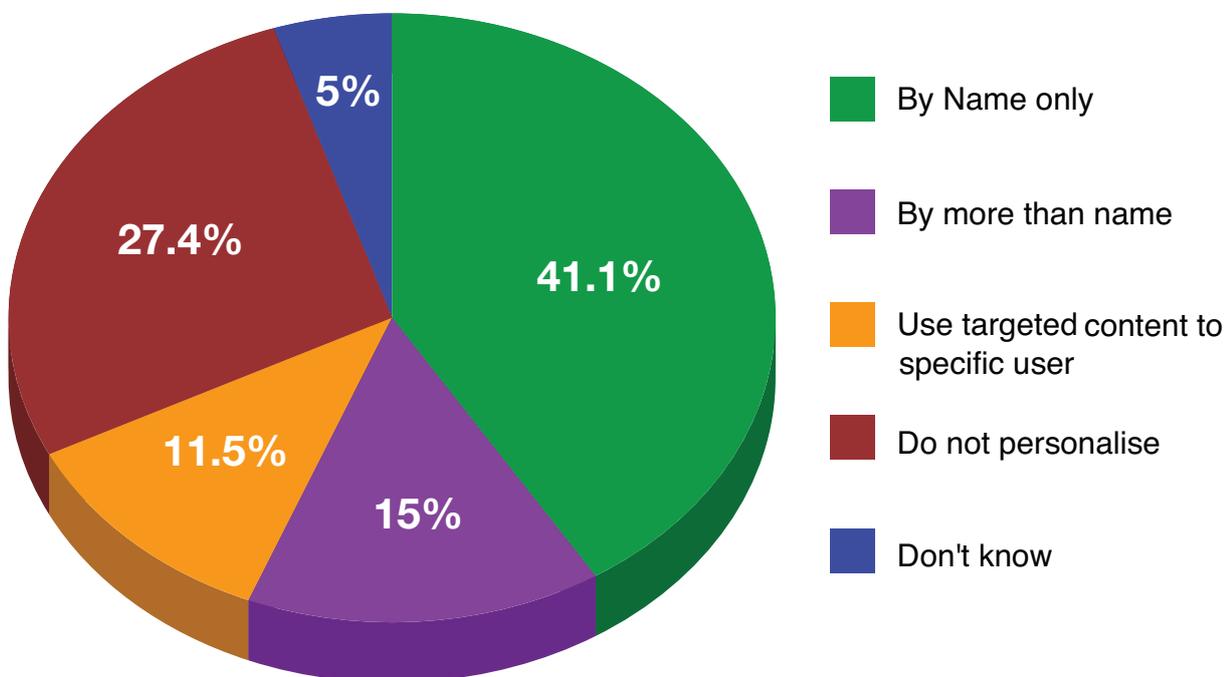
Since 2011 there has been a 3.5% increase in the numbers using dynamic content. On the other end of the scale there has been a 4.2% decrease in the number who do not personalise at all, showing that there is continued use and appreciation of the strength of personalisation in email.

Closer analysis of the results also shows that marketers working in the B2B sector tend to use more personalisation in their email marketing campaigns than those in B2C marketing. This could reflect the fact that B2B marketers have smaller databases and a deeper understanding of their customer base. This allows them to do more retention marketing with better data profiles.

## Q What email metrics do you regularly track?

Metric	Value
Click-through rates	**62.2%**
Open rate	**62.3%**
Unsubscribe rates	**45.5%**
Bounce rates	**45.5%**
Delivery rates	**40.8%**
Conversion rates	**29.6%**
Click-to-open ratio	**23.8%**
Don't know	**21.7%**
Response rates	**7.6%**
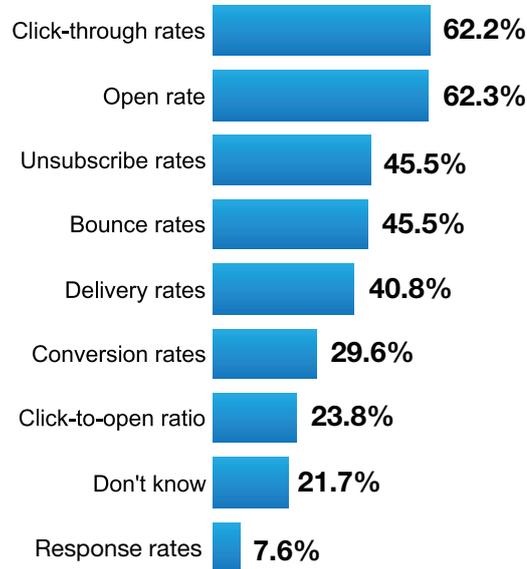
Open rates and click-through rates remain the most popular in line with all previous surveys. This year click-to-open ratio was added as a new metric, with 23.8% of respondents selecting it as a metric regularly tracked. The biggest change from 2011 is that there has been an 8.2% increase in respondents tracking open rates.

In fact, increased tracking across the board is evident and may be explained by the increase in use of advanced email marketing tools in which ease of campaign tracking and metrics is a feature.

Metric	2011	2012
Click-through rates	59.2%	62.6%
Open rates	54.1	62.3%
Unsubscribe rates	42.4%	45.5%
Bounce rates	44.3%	44.5%
Delivery rates	38%	40.8%
Conversion rates	26.9%	29.6%
Click-to-open ratio		23.8%
Don't know	23.7%	21.7%
Responce variations by list segments	12.3%	7.6%

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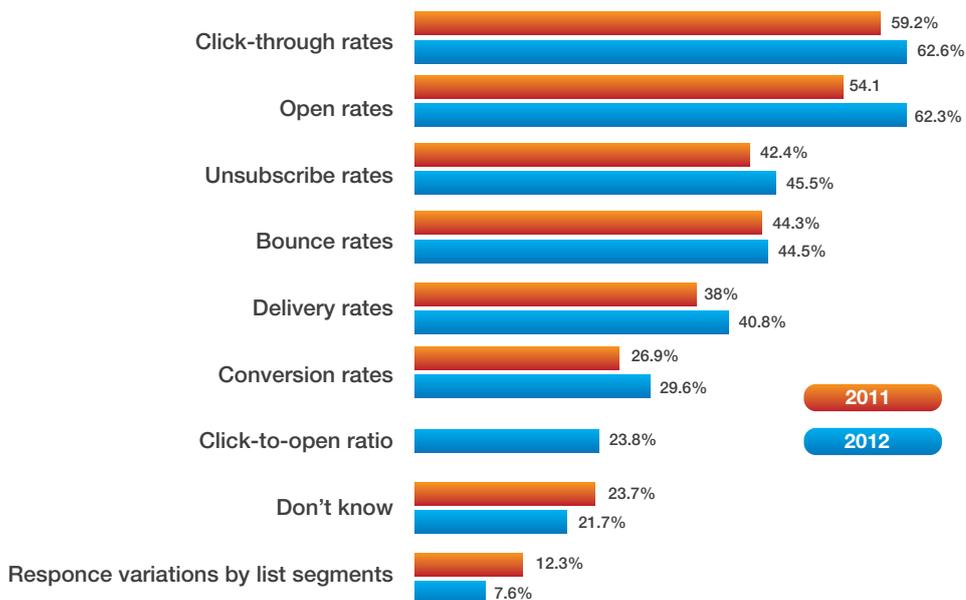
Q On average, what overall open rates do you get from your mailings?

Open Rate		
0-10%		**26%**
11-20%		**26%**
21-30%		**14%**
31-40%		**12%**
41-50%		**12%**
51+%		**10%**
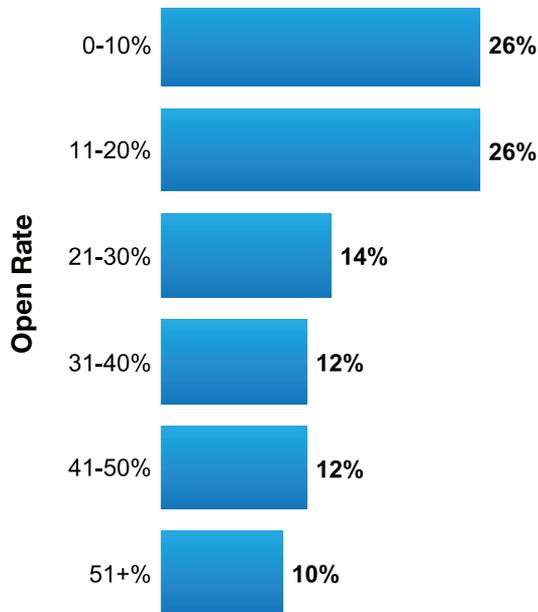
40% of respondents had an open rate between 11% and 30%. Companies using dynamic content personalisation are considerably more likely to have open rates between 20% and 50% than those using no personalisation.
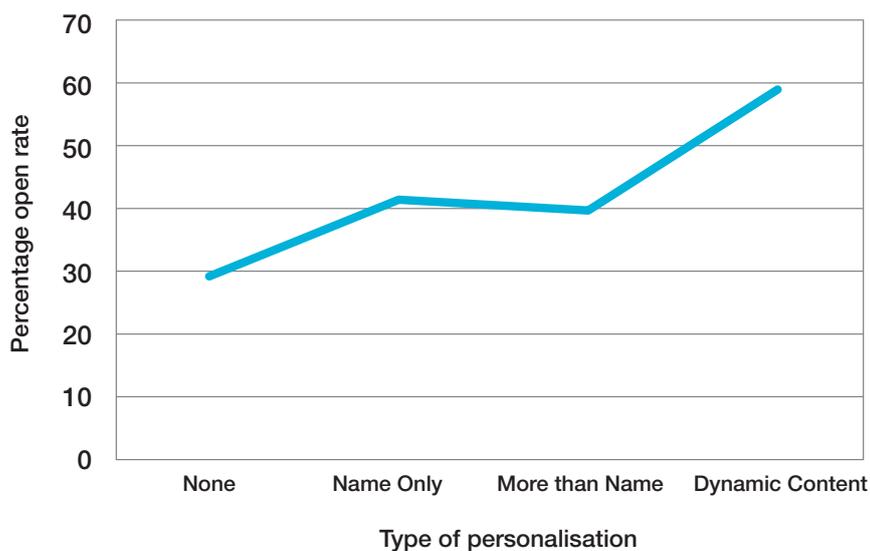
Top Tip from Newsweaver

Subject lines can play a big part on your open rate.

Use A/B Split testing to test different subject lines on sample users.
The subject line which gets the most opens will be sent to the rest of your list.

Top Tip from Newsweaver

The 'From' field can have an enormous impact on your open rate.

You should decide whether your email should come from your brand, your company, or the name of an individual (e.g. an Account Manager).

28% or respondents declared that they don't know the open rates from their sends, which shows a positive decrease from 2011 where 33% selected this option.

(Chart: Percentage open rate vs Type of personalisation — None, Name Only, More than Name, Dynamic Content)

Q On average, what overall click-through rates do you get from your mailings?

Click-through rate

0-2%	**7%**
3-5%	**23%**
6-10%	**22%**
11-15%	**20%**
16-20%	**15%**
21+%	**13%**
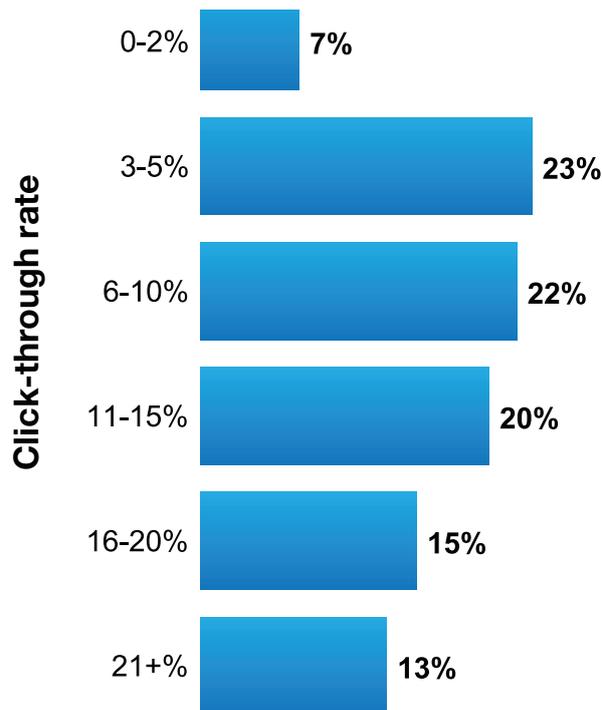
While open rate is an important metric to evaluate the success of any campaign, click-through rates give a more accurate gauge on engagement with emails that are sent out. In this year's survey 48% of respondents reported click-through rates above the industry benchmark of 6%.

36% of respondents declared that they don't know the click-through rates from their sends, which is the same as 2011 results.

Top Tip from Newsweaver

Include as many clickable elements within your email as possible.

Track URLs, .pdfs, documents, backpages, Forward to a Friend, share links etc. Each is a metric that gives you something to track.

**Q** **What percentage of your marketing budget do you allocate to email marketing?**
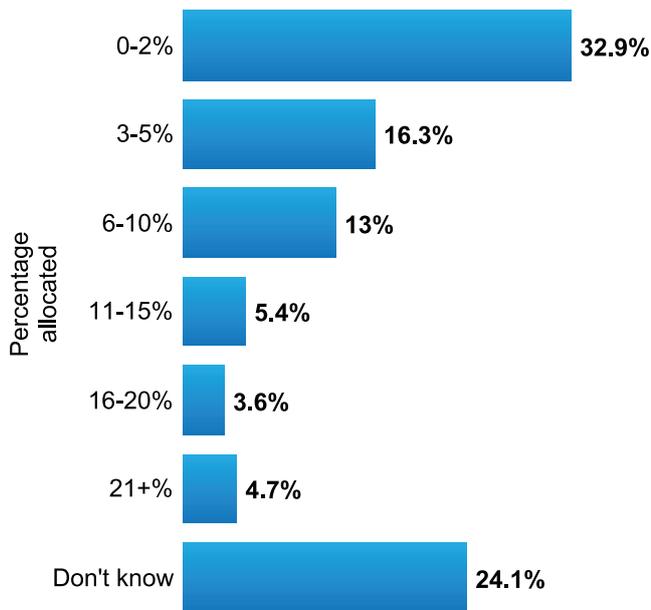
As with 2011, the majority of respondents spend less than 5% of their marketing budgets on email marketing. This year's figures are very much in line with those from 2011, however it should be noted that these are comparatively higher than previous years.
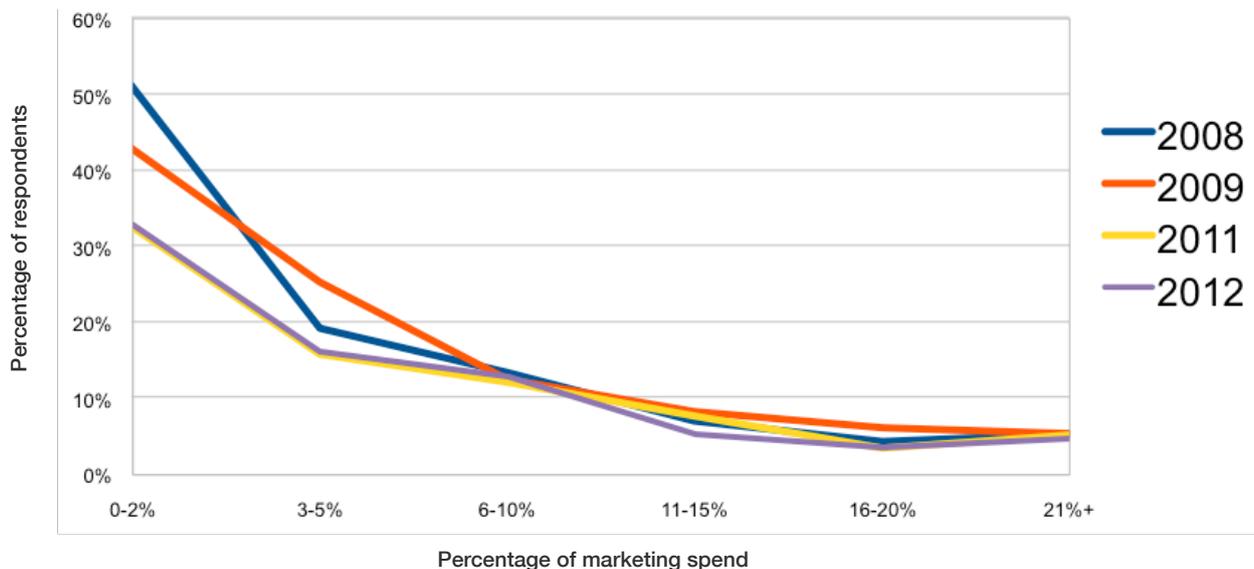
Q **How do you expect your organisation's expenditure on email to change in the next 12 months?**

80% of respondents expect that spend on email marketing will either stay the same (42.7%) or increase (37.1%) over the next 12 months. This reflects the positive sentiments being shown towards email by Irish marketers today.

- Stay the same
- Increase
- Decrease
- Don't know

16.9%
3.3%
42.7%
37.1%
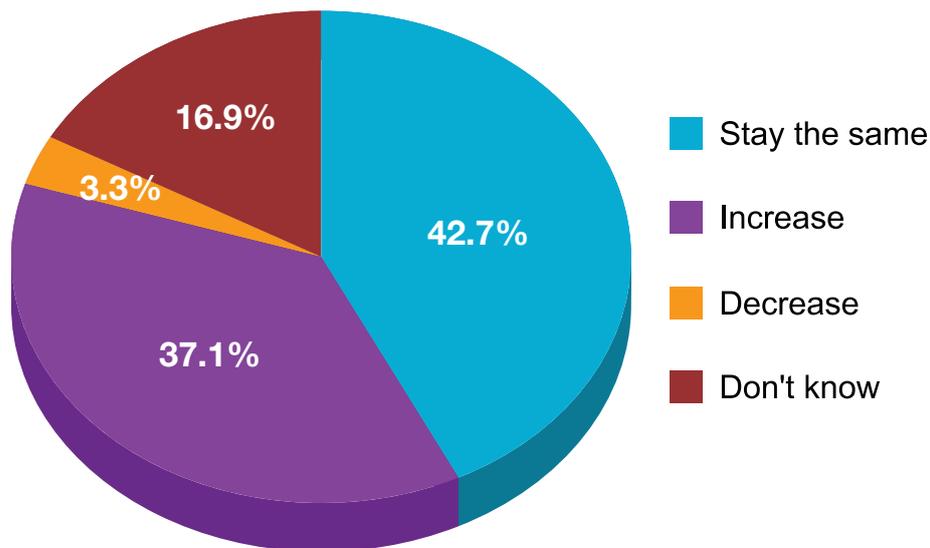
Interestingly, the majority of respondents who use name only personalisation stated that they expect spend to increase over the next 12 months.

Research indicates that advanced web based solutions are becoming increasingly popular with marketers who want to go further than name only personalisation. Such systems, when optimally utilised, can be extremely cost efficient once the initial investment has been made.

Q **Where do you expect this increase in budget to come from?**

Where an increase is expected, research indicates that it will come mostly from new budgets, direct mail budget or print/press advertising budget.

TV/Radio/Cinema budget was a source selected by B2C companies but was not selected by any B2B. Of companies who expect the budget increase to come from a new budget, 89% were in the B2B marketplace which shows that companies targeting the B2B market see email as a good channel to invest in.

Category	Value
We do not expect our expenditure to increase	33.4
Don't know	24.5%
From new budget	12.1%
From direct mail budget	11.7%
From print/press advertising buget	9.3%
From TV/radio, cinema budget	2.4%
From field marketing budget	1.7%
From SMS/mobile budget	1.7%
From telemarketing budget	1.7%
From interactive TV budget	0.7%
From door-to-door budget	0.3%
From outdoor budget	0.3%
From inserts budget	0.0%

Q Thinking about the challenges currently facing email marketing, please indicate whether you agree or disagree with the following statements.

Similar to previous years respondents hold the same opinions regarding the challenges facing email marketing. "Inbox overload" and "spam" remain the top challenges, closely followed by "deliverability" and "unwillingness of people to opt in to new email lists".

Strongly Agree   **Agree**   **Neither agree or disagree**   **Disagree**   **Strongly Disagree**

| Statement	Strongly Agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree
A lack of customer data is holding back email effectiveness	13%	35%	27%	24%	1%
It is difficult to do effecive email creative due to image blocking	15%	37%	29%	17%	2%
There is a lack of accountability/measurement	10%	34%	22%	29%	5%
Unwillingness of people to opt-in to a new email list is incresing	21%	44%	20%	14%	1%
Deliverability is becoming more difficult	13%	48%	27%	11%	1%
Email doesn't get the attention/budget it deserves	11%	42%	36%	10%	1%
Spam is eroding trust in email	36%	42%	12%	9%	1%
Recipients' inboxes are swamped and all email suffers	40%	45%	9%	6%	0%

What is very interesting is that companies using little or no personalisation strongly agreed with the statement **"There is a lack of accountability/measurement".** In direct contrast, companies using dynamic content or personalising by more than just name disagreed with the same statement. Users of advanced email software have access to better measurement & reporting functionality, which explains their tendency to disagree with this statement.

Q Do you use social media in your emails?

In the 2011 survey, we found that there was an almost 50/50 split between the respondents that use social media in their email campaigns and those that do not.

This year 63% of respondents use social media in their emails. This is a huge 12.8% increase since 2011. Of those utilising social media, 68% were B2B companies.

37%

63%

Yes No
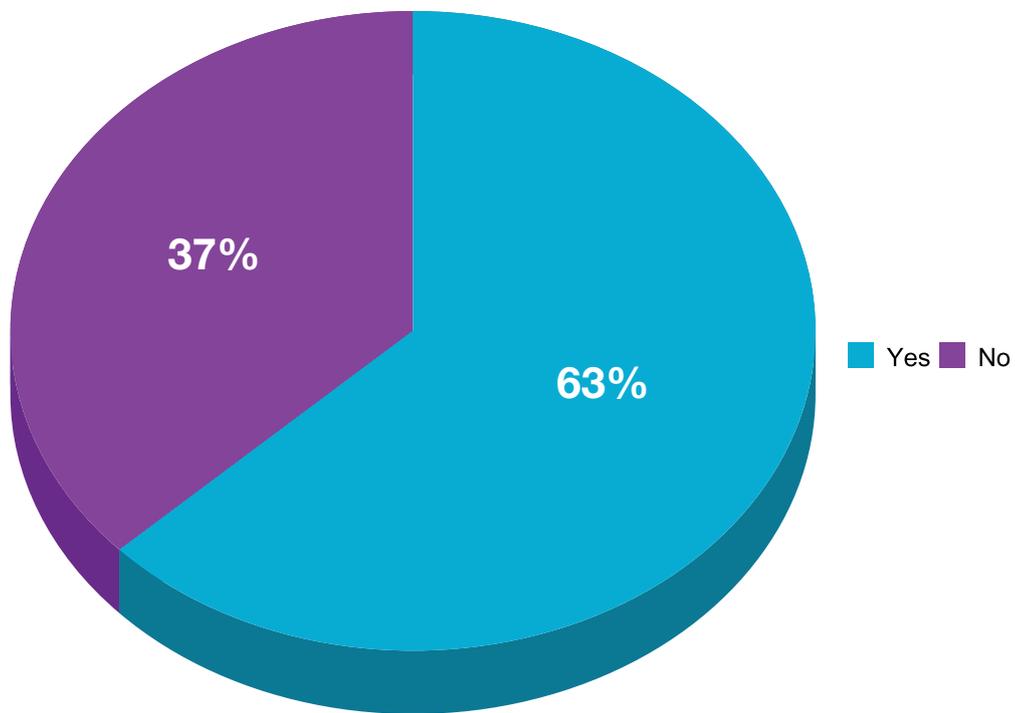
Personalisation and the use of Social Medial

The use of social media was most particularly prominent with companies using dynamic content.
As can be seen in the chart below, there is a linear relationship between the use of social media and the use of dynamic content.
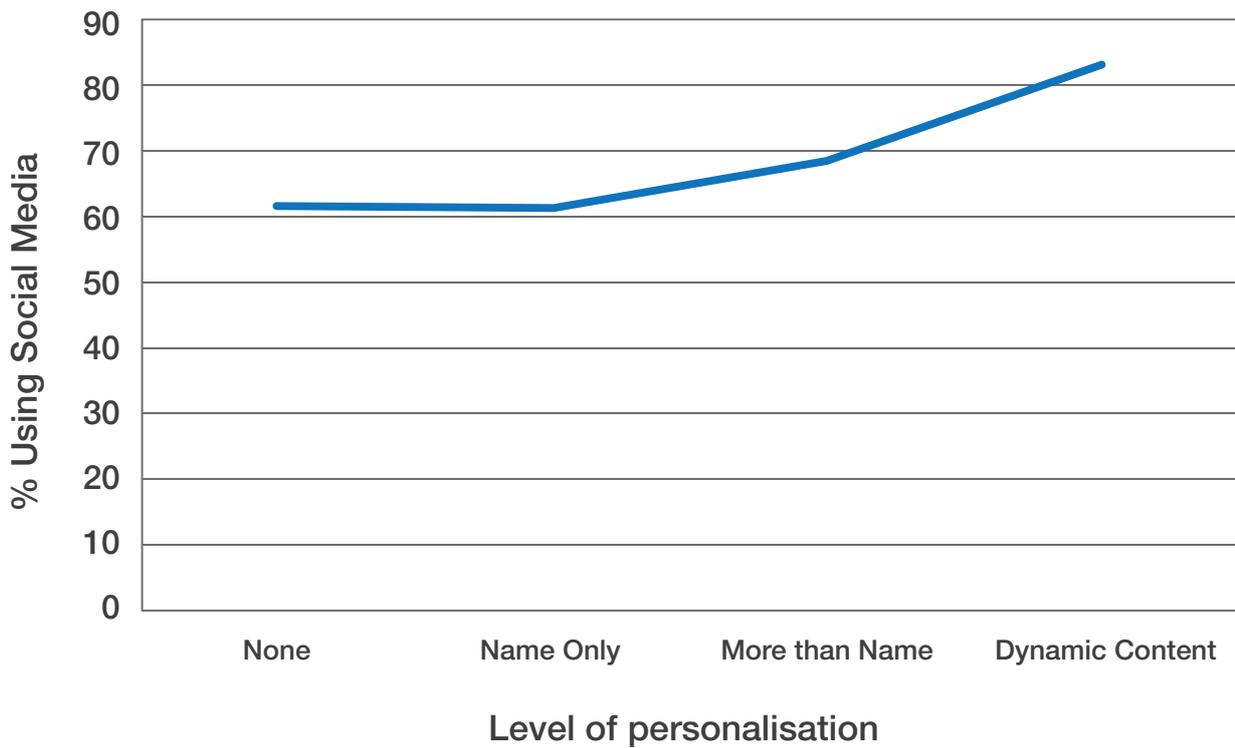
Case Study

Knuttel Print's monthly email newsletter has been generating sales with every issue.

Graham Knuttel is an acclaimed Irish sculptor and painter whose highly stylised original works of figures and animals in urban landscapes are highly sought after, including a new line of gift ware featuring images of his most popular pieces. Knuttel wanted to drive online sales of this new product range. The company he worked with began by building a strong social media presence; and then launched a monthly email newsletter to drive sales.

Challenge:
Niall Newman's company, (Social Media Zen) , built an interactive and e-commerce enabled Facebook page for Knuttel. Once the artist's presence online was established and growing, Social Media Zen then targeted these social networks with a monthly email newsletter to generate sales. However, the challenge was how to get email addresses to connect with these online fans.

Solution:
Using subscriber capture-form codes, Niall created a sign up box on Facebook which automatically pulls new subscriber details from the form into the account. Niall says they attracted new subscribers by offering exclusive-to-the-newsletter competitions and discounts. "We find that 80% of the list growth is happening through Knuttel's social media outlets". Niall regularly posts on Knuttel's Facebook, Twitter and LinkedIn pages about the newsletter – which generates at least 30-40 new subscribers within an hour of his posts. Niall then developed a newsletter template that showcases images of Knuttel's work and helps drive sales at the artist's website. To increase opens and clicks, Niall posts online that competition winners have just been announced in the newsletter. To further drive opens he creates urgency: winners need to claim their prize within 48 hours.

Results:
The email newsletter has proven to be central to increased sales for Knuttel. Using social media and email combined, the opens and clicks have been far above industry average. They are consistently in the 60-70% range for opens and 40% for clicks from opens. But even more significant: considerable sales have been generated directly from each mailing.

"Email and social media have proven to complement each other very well. Social networks are fantastic for building a fan base; but the money is definitely in our email mailing list".

Niall Newman

Q If you use social networking in your emails, how do you use it?

Including links to Facebook, Twitter and LinkedIn pages are the most common ways of using social networking in email.

We include link to Facebook page	76.6%
We include link to our Twitter page	68.1%
We include link to our LinkedIn page	54.9%
Readers can share with their Facebook page	23.4%
Readers can share with their Twitter page	20.4%
We feature a 'like' button	16.6%
Readers can share with their LinkedIn page	15.7%
We include link to other social network platforms	13.2%
We have a subscribe box on our Facebook page	12.3%
Readers can share with other social network platforms	9.8%
We embed our Twitter feed	9.8%

Looking at the differences between B2B and B2C, LinkedIn was the most popular answer with B2B businesses with 78.7% stating that they include a link to their LinkedIn page. Including a link to their Facebook page was the most popular answer among B2C companies with over 90% selecting that answer.

Analysis shows that the number one use of social media in email marketing continues to be the inclusion of links to company Facebook, Twitter and LinkedIn pages.

Q What do you perceive as the biggest opportunities for email success in 2012/2013?

This is the first year this question has been asked and it relates to the opportunities marketers see for email marketing in the future.
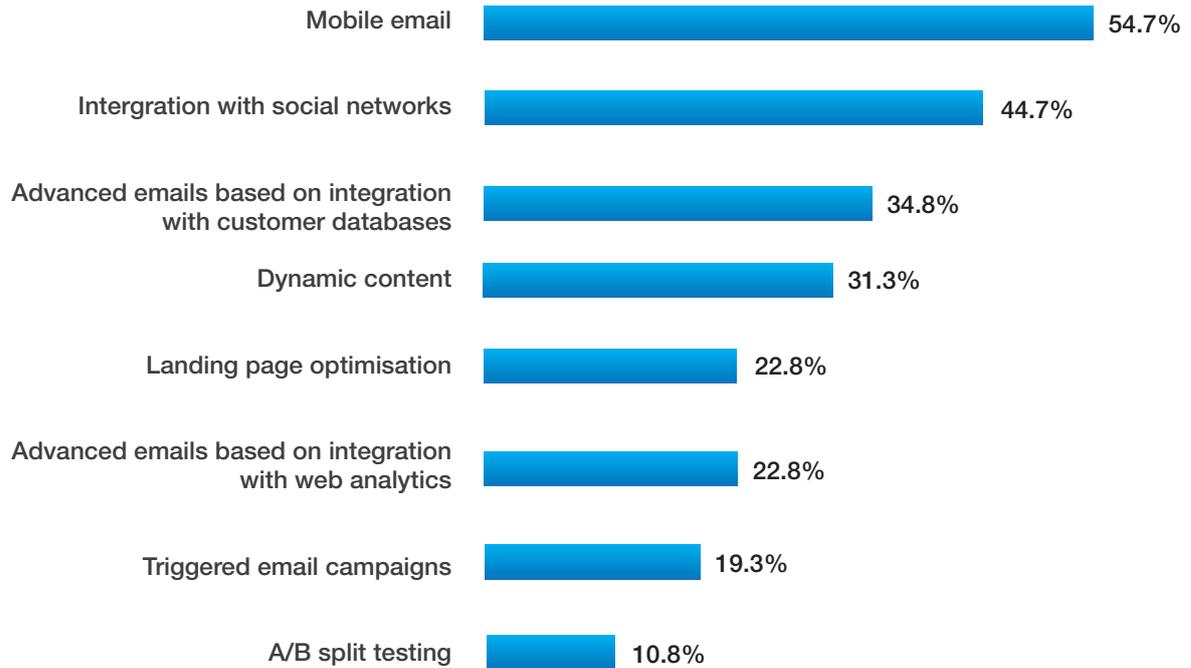
Mobile email	54.7%
Intergration with social networks	44.7%
Advanced emails based on integration with customer databases	34.8%
Dynamic content	31.3%
Landing page optimisation	22.8%
Advanced emails based on integration with web analytics	22.8%
Triggered email campaigns	19.3%
A/B split testing	10.8%

54.7% of respondents felt that mobile email holds the biggest opportunity for email success. Integration with social networks (44.7%) and advanced email based on integration with customer databases (34.8%) were also popular choices.

Thank You

Newsweaver in conjunction with the Marketing Institute would like to thank everyone who participated in this year's Email Marketing Insight Report. If you have any questions about the report, please contact:

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