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FA Email Marketing Study

2011





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FA Email Marketing Study

(Chart editorial by Mark Brownlow)

Despite a long list of new tools, technologies and tactics that were supposed to make it obsolete, email retains a strong position in online marketing.

Organisations were traditionally attracted to the channel because of email marketing's relatively low cost and the related high return on investment. While these remain key benefits, the continuing fragmentation of channels and choices online has renewed interest in email. For example:

1. As well as driving direct response (clicks, sales, downloads, etc.), email enjoys a growing role supporting and integrating other marketing and sales channels, for example through highlighting superstore events.
2. An email list remains an asset whose value is not dependent on the goodwill or continuing existence of a third party (like many social media channels).
3. Social media is now seen as a complement to email. The latter can, for example, encourage people to spread content through their social networks.
4. Consumers are shifting to social media for personal communication online, but often prefer email for commercial communication.
5. The rise of email-friendly mobile devices (like the iPad and iPhone) is making email accessible to a more mobile generation.

However, as with any tool, email success depends on how it's used and in what context. This survey of email marketing at Premier League football clubs looks to identify the health of their efforts and establish baseline figures for comparison in future years.

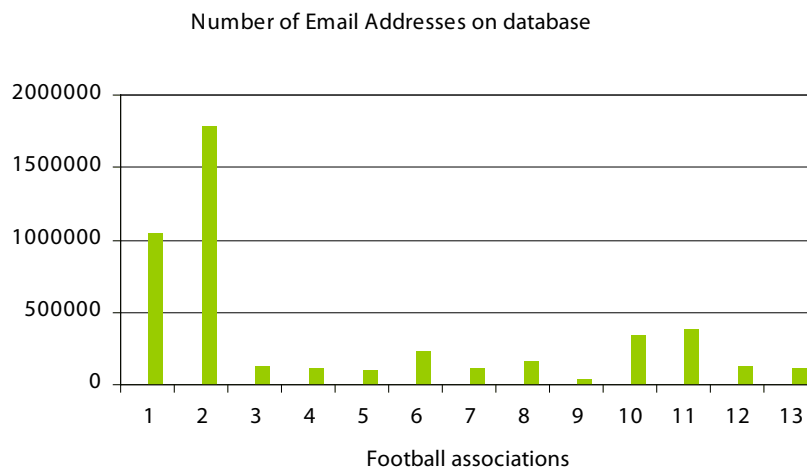
1. The baseline situation, budgeting and organisation

Chart 1 gives the size of the email database managed by each club included in the survey: the average is just over 360,000 email addresses. However, if you take out the two biggest databases, this average drops significantly to about 167,000. Only a third of respondents had access to more than 230,000 addresses.

Given the potential size of the global market for Premier League clubs, **there is clearly potential to increase list size.**

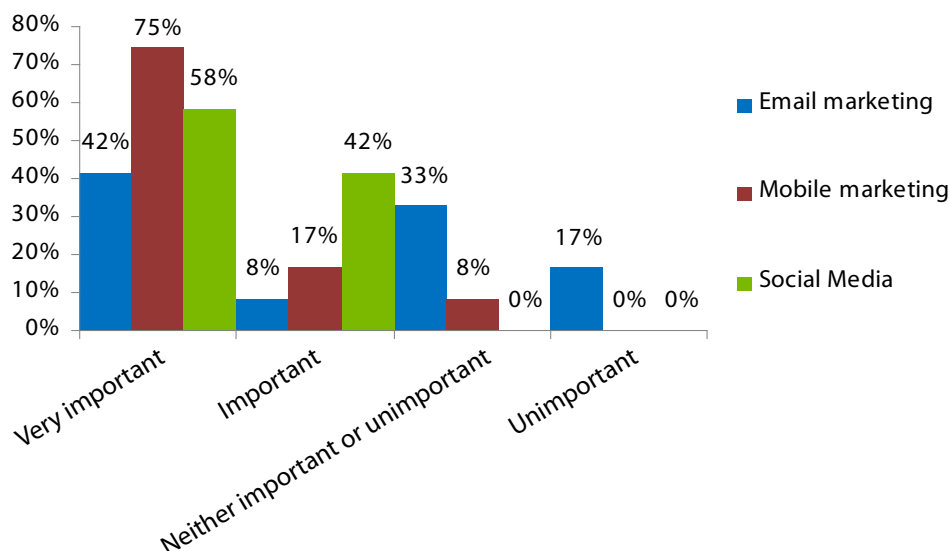
At the moment, clubs are primarily building lists on the back of website registrations, where visitors have the option to add one or more email subscriptions as they sign up. These lists are, however, rarely heavily promoted outside the registration process. In particular, casual or unregistered visitors commonly receive no indication at all that such lists might even exist. This stands in contrast to, for example, Facebook pages and Twitter accounts, which are regularly promoted on a club's home or splash page.

Chart 1: How many email addresses do you currently have on your database?



This preference for promoting social media / mobile channels reflects the relative importance placed on them when compared with email. All survey respondents described social media as either important or very important, while only half offered the same response for email marketing.

Chart 2: How important are the following in your business?

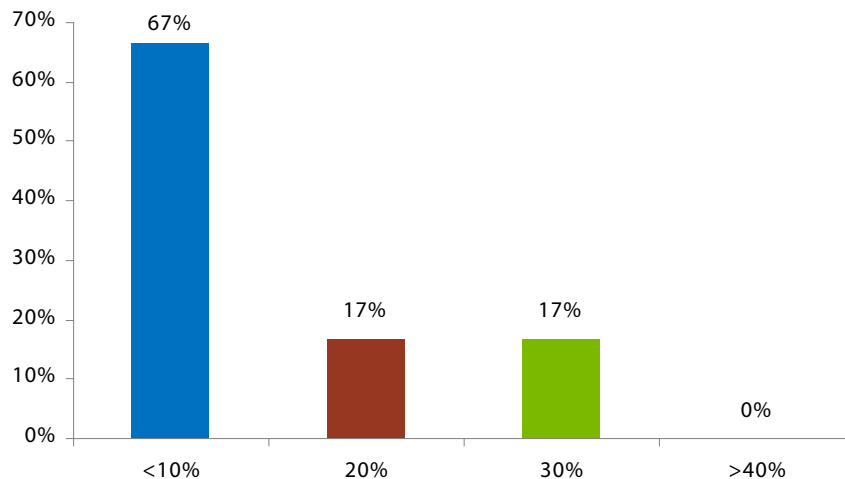


Low cost means email's share of the marketing budget rarely exceeds 10%, as Chart 3 shows.

The popularity of mobile and social marketing makes sense. Club, match and player news, for example, has a short lifespan so its value depends on timely delivery. Mobile has a key advantage there.

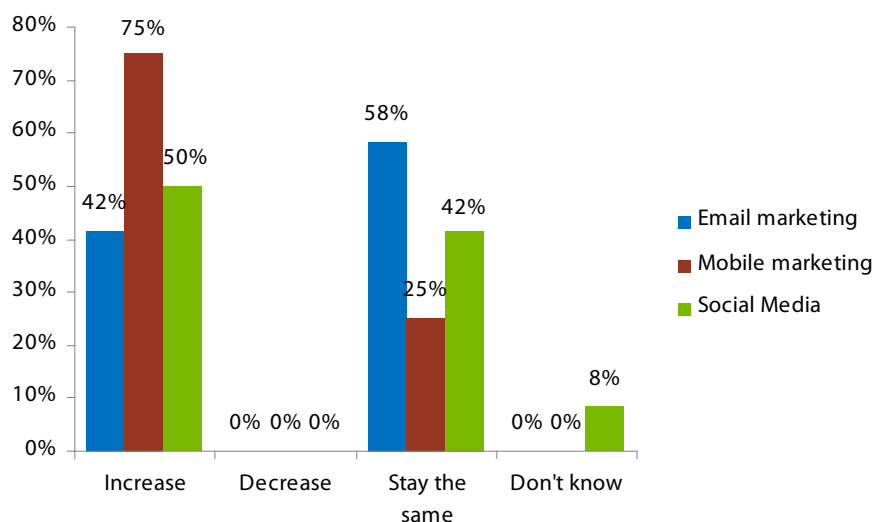
Social media is an excellent channel for engaging with a wider audience, and giving this audience closer "insider" access to an organisation. Social media gives fans a perceived two way communication channel and also addresses their strong appetite for all things club-related, as well as their desire to interact and associate themselves publically with a particular club.

Chart 3: What proportion of your marketing budget is spent on email?



Estimates of future budget changes also emphasise this social/mobile focus, though email budgets are also set to increase or stay the same.

Chart 4: Looking forward, how would you expect your club's expenditure on the following media channels to change in the next 12 months?



Email itself is of course "going mobile". This process was initially held back by the inability of most devices (particularly early BlackBerry phones) to properly display emails that were not just plain text. The explosive growth of email-friendly smartphones like the iPhone has largely removed this issue. Analysts Gartner put global smartphone sales at almost 300 million in 2010¹, expecting to rise to over 500 million in 2012².

¹<http://www.gartner.com/it/page.jsp?id=1543014>

²http://www.computerworld.com/s/article/9139301/Symbian_Android_will_be_top_smartphone_OSes_in_12_Gartner_reiterates

The smartphone revolution will see mobile email use increase accordingly. Consider, for example:

- An autumn 2010 survey of US consumers found that over half of those with an Internet-enabled phone use it to check personal email³
- A Q4 2010 review of email campaigns found mobile devices already accounting for over 13% of opened email⁴
- A May 2010 look at mobile Internet use in the US found email by far the most dominant activity⁵

As such, any mobile marketing strategy should start accounting for email too.

Social marketing has been widely successful for many clubs in terms of base numbers. For example, one Premier League club has over 10 million Facebook likes, with at least three more at around the five million mark.

This has obvious benefits for communication, loyalty, brand building, website promotion, market research etc. However, social networks have their limitations...not least because not everyone uses them. Email is nearly ubiquitous and so allows clubs to communicate online with those fans not active on Facebook, Twitter etc..

Facebook likes, for example, can often be a badge of affiliation, rather than an expressed wish to get regular communications from the liked organisation. There is also considerable competition for attention in Twitter streams and Facebook news feeds, where the window of opportunity for getting this attention can be measured in minutes. Social media success also relies on the goodwill, functionality and survival of the third party operating each network.

Most importantly, consumers can be less tolerant of overtly promotional content sourced through social channels. Email tends to be preferred for commercial messages.

For example, one survey found that twice as many young consumers turn to email to get a brand or store's deals than turn to Facebook for the same purpose⁶. Another revealed that 74% of online US adults prefer email for commercial communication⁷.

As such, email should lead social marketing initiatives, particularly when it comes to promoting, for example, commercial offers from the club shop or website.

In fact, those social network accounts are an ideal source of new email subscribers. For example, impending newsletters or email offers can be announced through Twitter and list sign-up forms can be easily embedded in Facebook pages.

Emails can encourage subscribers to share email content and offers on their social networks or connect with the sender at these social locations. What's important is that clubs consider a multichannel strategy that exploits the unique characteristics of each alternative channel to the benefit of both club and its fans/customers.

According to the survey, responsibility for building the email marketing part of such programmes typically rests at the management level. This mirrors results from other consumer-facing organisations⁸.

³<http://www.merkleinc.com/wmspage.cfm?parm1=1231>

⁴<http://www.knotice.com/news/KNOTICE-Press-Release-011311-2.htm>

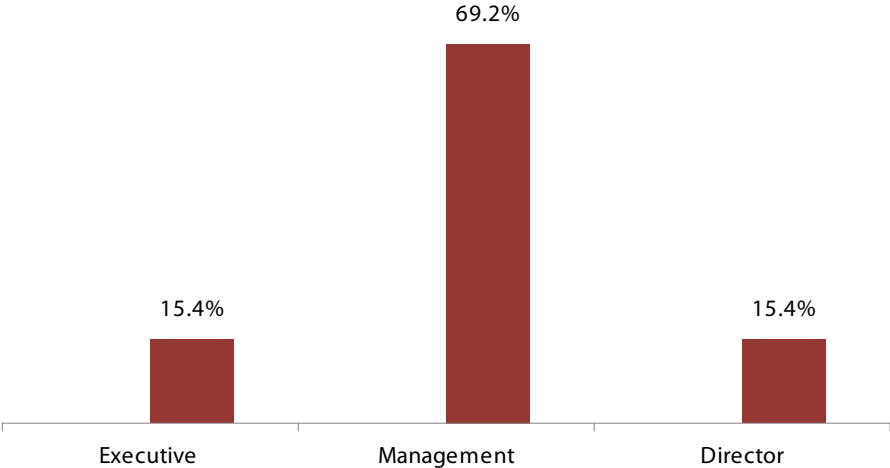
⁵http://blog.nielsen.com/nielsenwire/online_mobile/how-americans-spend-mobile-internet-time-a-new-look

⁶<http://www.internetretailer.com/2010/07/01/young-consumers-use-e-mail-find-deals>

⁷<http://www.merkleinc.com/wmspage.cfm?parm1=1231>

⁸See the DMA National Client Email Marketing Report 2010

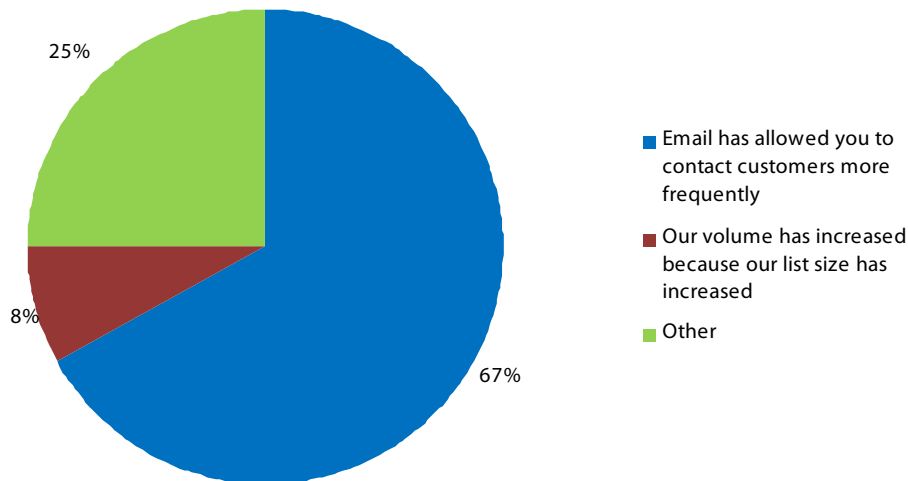
Chart 5: Who is responsible for the ultimate success or failure of your organisation's email marketing programme?



2. Frequency

Email has clearly allowed clubs to contact fans more frequently. Also, more than one club commented that subscribers have expressly requested more email communication.

Chart 6 Which of the following statements most accurately describes your situation?



Clubs contact subscribers an average **4.9 times per month**, which is more than double the average emailing frequency recorded in the first half of 2010 in the DMA's national cross-industry benchmark report⁹.

Frequency is a sensitive issue in email marketing, particularly since "too many emails" is one of the main reasons why people unsubscribe from an email list or mark a sender's messages as spam. Such spam reports hurt "sender reputation", a concept used by those managing incoming email (like ISPs and webmail services) to help decide how to process that sender's messages. More spam reports lead to a lower reputation which can lead to these ISPs, webmail services and others temporarily blocking messages from that sender from being delivered to their users.

It's hard for email marketers to know how much is too much. Up to a certain point, the more email you send, the more response you get. But go beyond that point and responses are hit by excessive unsubscribes and delivery problems related to spam reports. The resulting balancing act is a challenge.

However, many marketers err too much on the side of caution, often by misunderstanding the problem with "too many emails". Subscribers rebel not against the frequency of emails, but their value: the more value you or the "brand" offers, the more emails you can send.

In this context, football clubs have an advantage compared to most other organisations.

First, the business of football produces a far greater and more consistent stream of news, events and promotions than most organisations could hope to support.

Second, fans have a different perception of what counts as "valuable". A retail chain's customers probably have little to no interest in a change of manager at their local department store. Compare that to the interest a club's email subscribers would have in a change of manager...

Third, fan loyalty is far higher than on a typical email list. Very few businesses have subscribers with such brand loyalty as a typical football club enjoys (exceptions might be Apple or Harley-Davidson). As such, the tolerance for "low value" is much higher than in other lists, where the subscriber-sender relationship is a tenuous one based largely on the value obtained from the emails.

⁹<http://www.dma.org.uk/information/res-popvue.asp?msg=3775>

All this provides football clubs with an opportunity to send email more often than most email marketers.

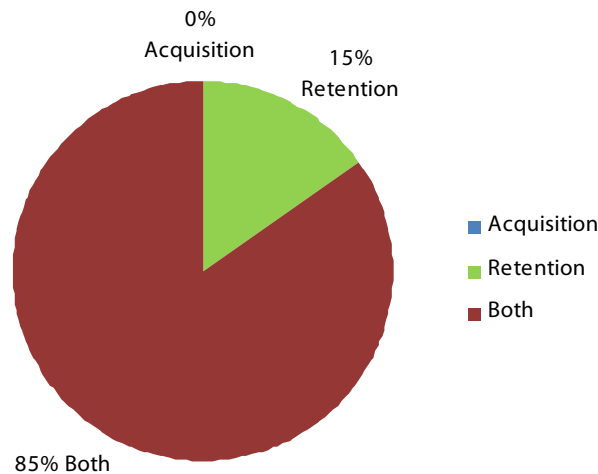
However, there is also the risk of complacency. Newer fans may not yet be as loyal as those of older standing, and all subscribers have limits: clubs can exploit their special status, but still need to ensure response and attention is not dulled by too many emails offering no real value to subscribers, a topic we return to later.

3. Tactics, strategy and challenges

The nature of football allows clubs to use email for a variety of potential purposes, including PR, brand and loyalty-building, communication and interaction with fans, shop promotions, ticket and subscription sales, and communications from sponsors and partners.

As a result, the vast majority of survey respondents use email for both acquisition and retention, with none using email solely to gain new customers.

Chart 7: What is the main type of email activity undertaken?



Most B2C email marketers are in the retail business and face the challenge of maintaining reader attention, engagement and response while sending a stream of promotions that are largely uninteresting (at that time) to most recipients.

Content-based emails (or content-based elements in promotional emails) are one solution to this perceived issue, but many retailers struggle with content production.

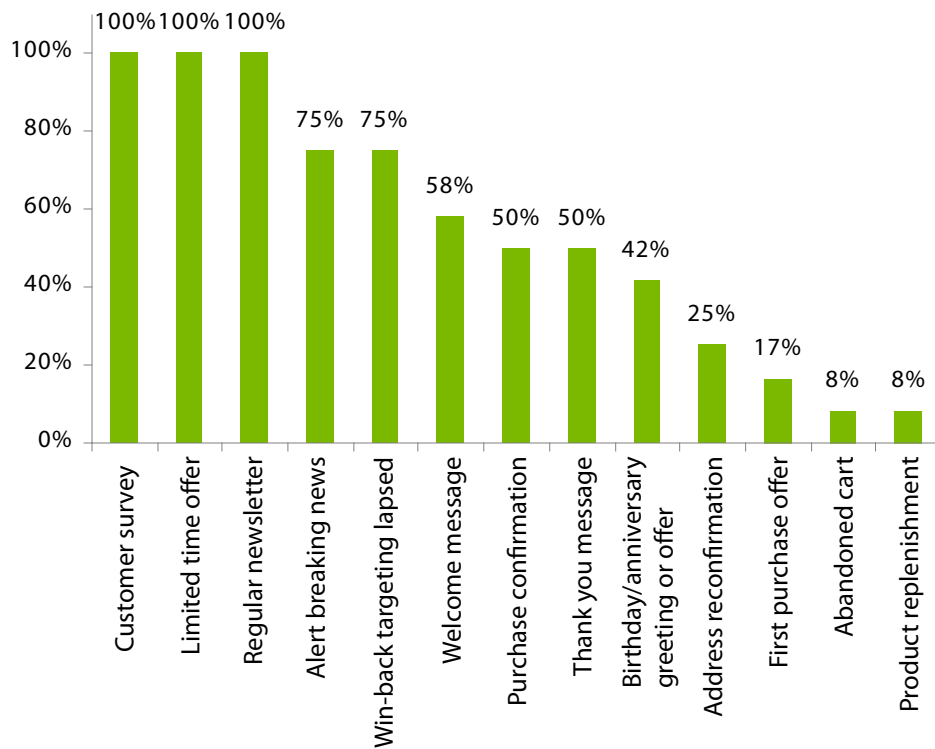
Clubs benefit here from their traditional dual focus on both content publishing (through websites, TV, print and other media) and commerce (through online and offline stores, and subscription and ticket sales). They have the skills, scope, fan interest and, importantly, resources to support a greater range of email tactics.

A comparison of Chart 8 with equivalent benchmark figures¹⁰ shows that **clubs are exploiting these advantages and using a far wider range of email tactics than other B2C organisations.**

For example, while all clubs surveyed use email for their own customer surveys, content-driven newsletters and limited-time promotions, this is true of only 62%, 77% and 49% respectively of other organisations with a consumer audience.

¹⁰See the DMA National Client Email Marketing Report 2010

Chart 8: Which of the following do you use email marketing for within your organisation?



However, there is room for improvement. While clubs' use of core email approaches (newsletters, promotions, surveys) is excellent, **they are not yet fully exploiting the benefits of basic transactional emails or making use of more advanced trigger-based possibilities.**

Basic transactional messages include welcome, purchase confirmation and thank-you messages. These service-oriented messages immediately follow, for example, a newsletter sign-up, email offer conversion or survey completion. As such, their use should be nearer 100%, given the popularity of the emails that they complement.

These emails generate value from more than just the service they offer the customer/fan and the related benefits for customer/fan relationships. For example:

- Welcome messages set expectations so future emails are more easily spotted in the inbox. They can also carry promotional messages beyond the welcome, and the results usually far exceed those of standard emails. One study showed welcome messages get eight times the revenue, nine times the transaction rates, four times the total open rates and five times the click rates of other bulk promotions¹¹.
- Purchase confirmations can include related product suggestions, as well as requests for reviews, recommendations etc. Such confirmations can produce six times as much revenue per email than normal promotional messages¹².

These transactional emails are examples of trigger-based messages. Such messages are sent in response to some specific recipient action, behaviour or data element. For example:

- A welcome message sent after a customer signs-up to a list
- A cart abandonment email sent after a customer leaves a shopping cart without completing the purchase
- A congratulatory email sent when you know the customer's date of birth

¹ http://www.cheetahmail.com/corp/pr/acr_pr_10-19-10_welcome_email.html

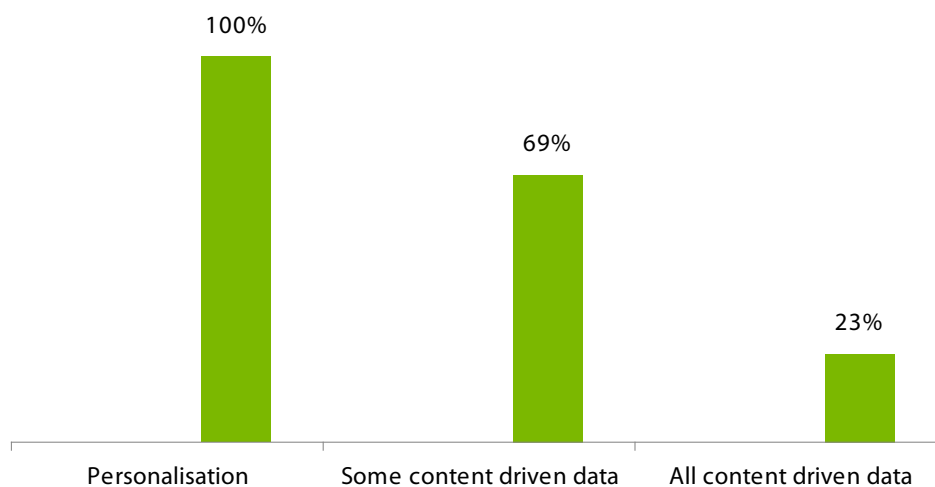
² http://www.cheetahmail.com/corp/pr/acr_pr_9-8-10_transactional_emails.html

The trigger approach helps ensure timeliness and relevancy. This, in turn, delivers top results for the sender. For example:

- Epson's "Happy Birthday" emails produce 840% more revenue per email than the overall email program¹³
- VIE at home get £250 in revenue for every £1 invested in abandoned shopping basket emails¹⁴
- S&S Worldwide drive 40% of email revenue through trigger/transactional emails that account for just 4% of email volume¹⁵

The potential for more individualised messages is growing, given that most clubs have at least some capacity to personalise the messages they send out (see Chart 9). However, more advanced trigger-based messages do often need investment in more sophisticated database and analytics technology.

Chart 9: To what extent do you have the capability to individualise?



Club willingness to use a wider range of email tactics also extends to integration of email with other channels.

Chart 10 shows how each of a huge range of traditional and digital direct marketing channels is used in conjunction with email by at least half of the survey respondents.

Again, **the willingness to combine channels is far greater than for other B2C organisations surveyed by the DMA.**

Surprisingly, given the stated importance of social media to football clubs, only half actually tried to integrate the two. Best practices for social/email integration are yet to emerge, but relatively simple techniques include:

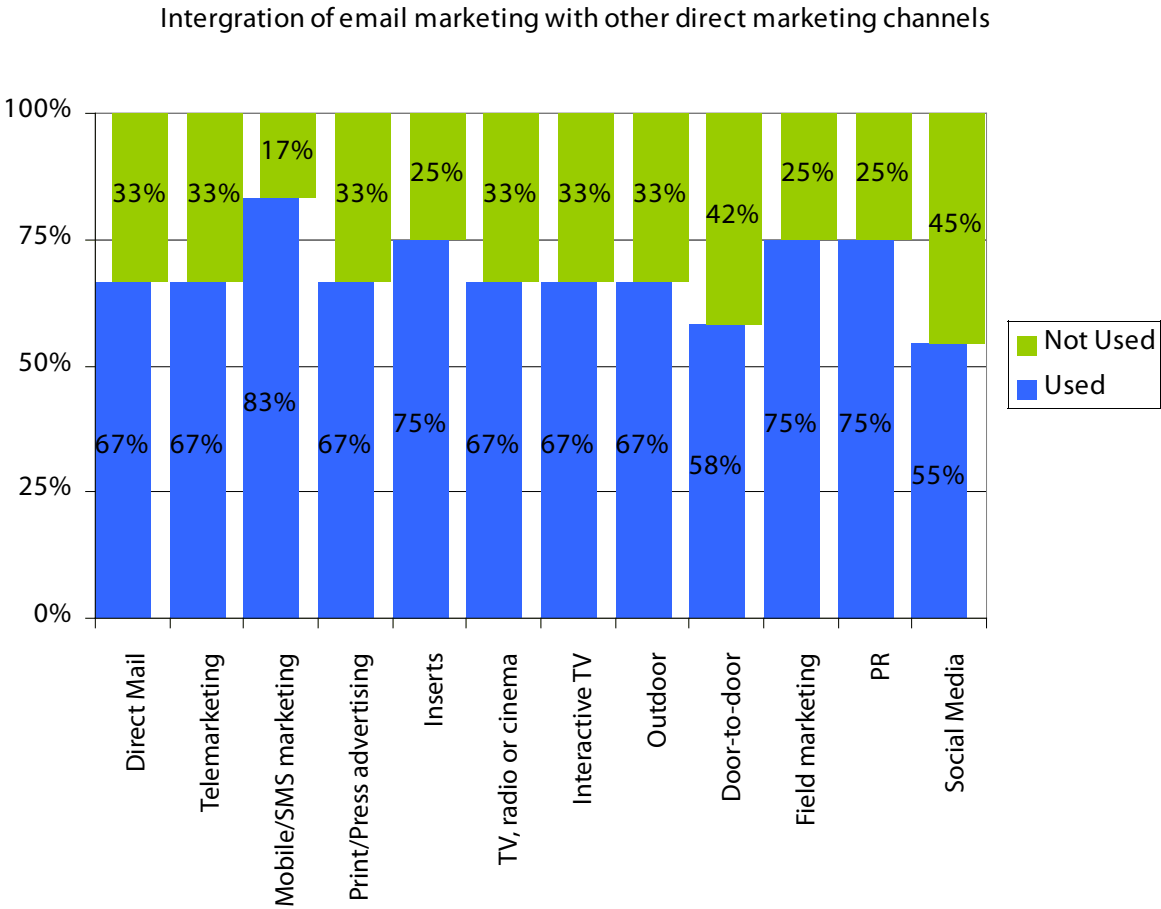
- Inserting "share this" features into emails and landing pages, encouraging subscribers to repost content and offers on social networks. Many email marketing software and service packages have now automated this process
- Using email to drive traffic to the club's social network pages
- Reposting email content through social networks
- Distributing content created at social sites (such as poll results) via email
- As mentioned earlier, using social sites to encourage people to sign-up to the sender's email lists

¹³<http://www.retailmailblog.com/2011/02/takeaways-from-responsys-interact-2011.html>

¹⁴<http://www.silverpop.com/blogs/email-marketing/vie-at-home-email-marketing.html>

¹⁵<http://www.practicalecommerce.com/articles/2431-The-Power-of-Triggered-Emails-6-Examples->

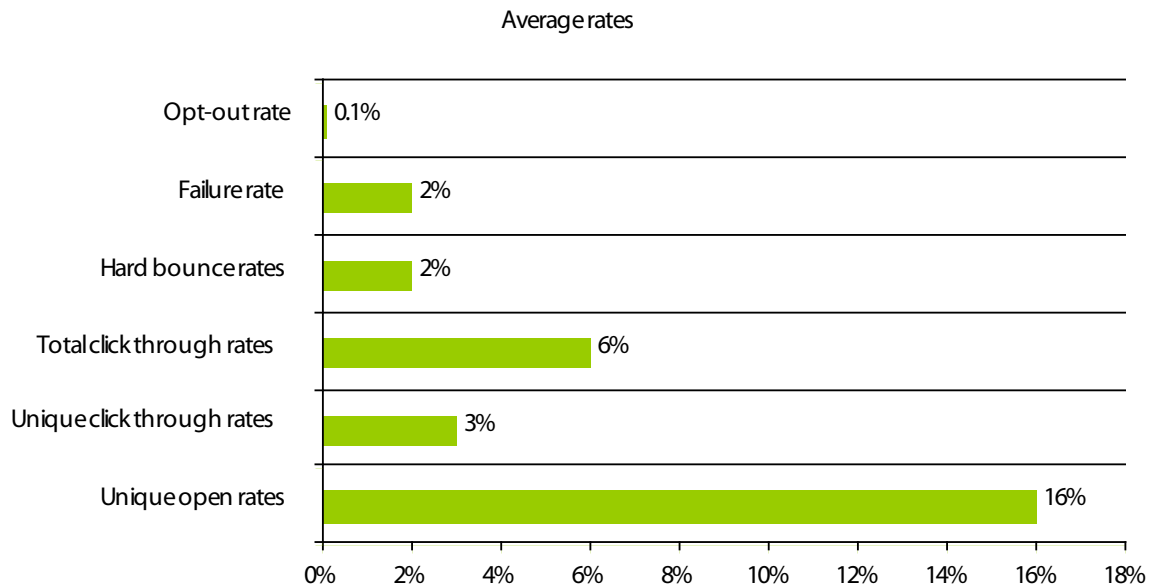
Chart 10: Use of email marketing in conjunction with other channels



4. Results and challenges

Previous charts show that the context for email marketing at Premier League clubs is a strong one, but do the actual emails bring the desired results?

Chart 11: Response and delivery metrics



Interpretation of these response metrics is difficult, since they cover so many different types of email, all of which have different numbers for what would be considered a good or bad open or click rate. Not forgetting that for many (most) emails, opens and clicks are not even the ultimate goal of the message.

A quick news update may not be intended to drive clicks back to a website. A very specific promotional offer might expect low open rates, but require only a few clicks and conversions to be extremely successful. Conversely, you'd expect a good content-based newsletter to pull far higher opens and clicks than 16% and 3% respectively. So any analysis needs to be viewed in this context.

The opt-out rate is extremely low compared to typical B2C lists. Normally this would indicate that the offers or information sent in the emails are very high value, but this is not broadly reflected in open and click rates.

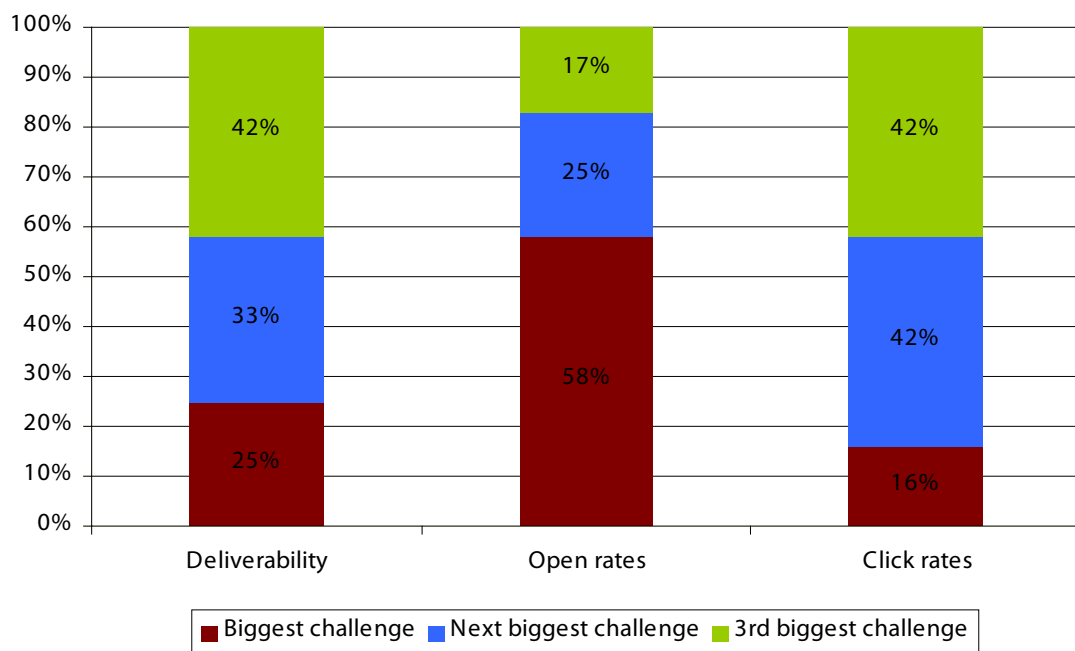
More likely, the strength of the email loyalty is in the loyalty itself: perhaps fans see unsubscribing as an act of "betrayal", regardless of how "bad" the email content or offers might be.

Given all the advantages enjoyed by clubs in email marketing, it is perhaps surprising to see open and click rates no better than you might get from many B2C email lists. One positive, though, is a high number of total clicks relative to unique clicks. This suggests people who do open/click are sharing the email with others or rereading emails more often than most B2C organisations could expect.

Clubs are clearly aware that their metrics have scope for improvement. Respondents were asked to name their top three challenges from a list that included deliverability, open rates, click rates, conversion rates, content, data, resources, reputation, return on investment and opt out rates.

All picked open rates, click rates and deliverability as their top 3 concerns, with over half citing open rates as their very biggest challenge.

Chart 12: Which of the following do you see as the 3 biggest challenges you are faced with?



A focus on open rates seems reasonable, given the low figures. However, clubs need to ensure the tail isn't wagging the dog. Open rates are easy to obtain from campaign reports, but that doesn't necessarily make them a key metric. Clubs need to ask if open rates truly measure success in achieving email marketing goals? And would measures taken to lift open and click through rates also lift more important numbers, like website visitors, sales, etc.?

There are dozens of factors that contribute to better open and click rates, but the core value offered by the stream of email messages is the biggest. Senders also need to check that their emails have the best chance of gaining attention in the inbox: the inherent email marketing advantages of being a Premier League club are only relevant if subscribers easily and quickly recognise where the email comes from.

Methods to improve attention include:

- Using a clearly recognisable sender name
- Testing subject lines to identify those that best drive recognition, interest and response
- Locating recognition and interest-building elements, such as logos and headlines, at the top left of emails to account for the widespread use of preview panes
- Using preheaders (a short line of text in a smaller font at the very top of an email) to build interest and show up in email/webmail software (like Gmail) that displays so-called snippet text alongside the subject line
- Ensuring emails display properly in the multitude of environments they can now be read in (various desktop software packages, webmail services, netbooks, tablets, smartphones and other mobile phones). Many low-cost testing services allow senders to review their designs for cross-device and cross-software compatibility

Half of the clubs surveyed were able to track the actual revenues generated by email marketing. This ability is commonly limited by a lack of appropriate tracking tools, as Chart 14 illustrates.

More importantly, the revenue impacts of email are not always expressed through a simple "get email – click – buy" chain of events. For example:

- Many emails are not intended to drive an immediate sale, but to support future sales. News alerts or post-match commentary, for example, have longer-term goals concerning fan engagement, club loyalty, etc. – all of which will lead to increased revenues in the long-term, but few that are easily attributed to email alone.

- Even short-term revenue impacts often fall outside the typical scope of measurement. Unopened emails, for example, can act as psychological reminders that may trigger the recipient to go to a club store and buy a fan article or make an online purchase.

Chart 13: Are you able to calculate the revenue generated from your email marketing activities?

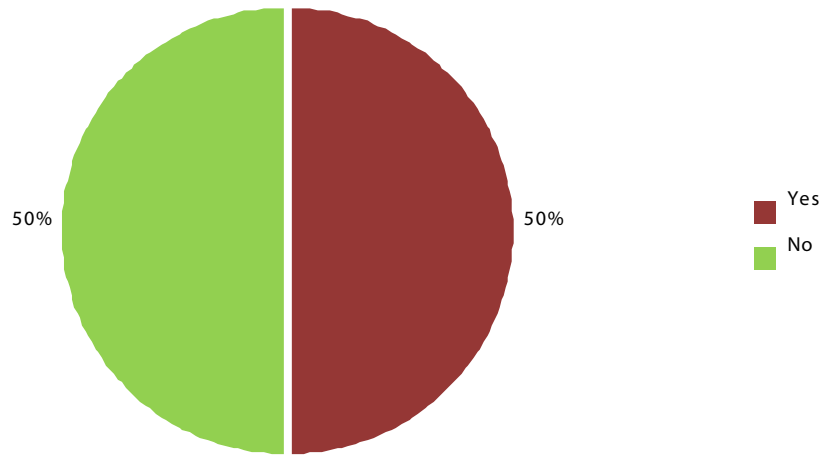
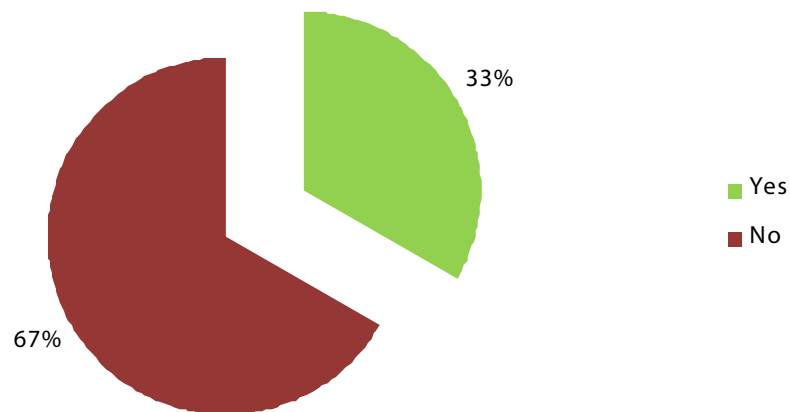


Chart 14: Are you able to track the customer journey from open to purchase?



Understanding the true value to the club of an email address is a challenge, but an important one. Only then can clubs make better judgments on how much to invest into list building, for example by using more website space to promote their email lists.

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