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National client email report
2012

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Alchemy Worx
100% Email Marketing

Contents

About the author

Mark Brownlow is the writer, editor and owner behind the independent content site, "Email Marketing Reports". Founded in 2001, the site's "No man is an iland" blog is recognized by the AdAge Power150 as one of the world's best marketing blogs.

Mark has written well over 3,000 articles and posts on email marketing topics. His involvement with the industry stretches back to 1998, when he sent his first commercial e-newsletter.

His eclectic career path has included postdoctoral academia, market research consultancy, translations, freelance business and travel journalism and editing, a network of golf websites and a stint as a celebrity agony aunt columnist.

Mark holds three science degrees, including a BA from Oxford University, and still teaches scientific communication and specialist English to BSc and MSc students at Vienna's University of Applied Sciences.

Introduction

At the end of the 1990s email marketing was the "killer app", praised to the rafters for its simple ability to bring visitors back to websites.

Once the media spotlight moved on, it settled into more of a workhorse role, quietly driving responses while a queue of new channels and technologies fought for attention.

The economic uncertainty has given email marketing a deserved image reboot. Its reliability and remarkable cost efficiency won fans in times of budget austerity. At the same time, mutterings grew about the role of email itself in a world fragmenting into various communication technologies and techniques.

So how do things look in the new decade?

In 2011, email marketing effectively came full circle. Social network marketers, for example, stopped pitching the "death of email" and began to embrace the channel as the new, old killer app. What those actually doing email marketing already knew became more widely accepted: email is an extraordinarily effective online marketing channel.

The "social versus email" debate became one about "social and email", as marketers tested the best ways to combine and exploit the different characteristics and potential of the two.

The transition to social/email integration was one big topic in 2011, but other issues also made the year an unusually dynamic one for email as a whole.

For example, major webmail services like Hotmail and Yahoo! introduced a range of new inbox management features, while email-friendly smartphones grabbed huge market share: mobile email became an accessible reality for tens of millions of UK and global consumers.

So how did the new email environment actually impact campaign results, email tactics and email marketing's position within businesses? Responses to the annual national client email report reveal the answers.

As chair of the EMC's Benchmarking Hub, I would like to thank everyone who made this report possible.

First and foremost, I would like to thank all of the client email marketers who participated in the survey as well as those ESPs who, in support of research, encouraged their clients to participate.

Secondly, this report, like the National Email Benchmarking reports, is made possible through generous time given by certain individuals who constitute the Benchmarking Hub, namely: Matt Simons (Axciom); Rob Manning (Jacob Bailey); Joe Hunter (ExactTarget), Fiona Robson (RocketSeed), Anthony Wilkey (Email Vision); and Lynn Hewitt of (Business Bound). Yashraj Jain also deserves special acknowledgment for his tireless work in project managing the report; collecting and analysing the data; and helping to structure and write the document you are now reading.

Further thanks are due to the report's author, Mark Brownlow. Final thanks should be saved for the report's sponsors: Alchemy Worx.

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Sponsor perspective

Welcome to the DMA's National client email report, a comprehensive study of how email marketing evolved during 2011.

2011 was another great year for email, and that's not just our feeling at Alchemy Worx – the facts found in this report resoundingly back up that statement. Mark Brownlow's Executive Summary offers a broad overview of its findings, but I would urge you to take the time to read the whole report, and give Mark's clear and incisive commentary your full attention.

There were a couple of results which we found particularly encouraging. One was the marked shift in respondents' priorities from deliverability and click rates to conversion rates. Over the course of a year, concerns about both click rates and deliverability dropped by over a third in both cases, meaning conversion – and the revenue that results from it – has now overtaken those two as the most pressing priority, particularly for B2C businesses. That suggests marketers are coming round to what we've been saying for some time now – that the end result is where we need to be focusing our attention and our resources if email marketing is to continue maturing.

At Alchemy Worx we've always found that clients who focus on revenue always have a much clearer road map to success than those who focus on opens and clicks or fuzzier metrics like engagement or relevance. The best way to achieve your goals is to concentrate on what matters, and what matters is delivering to the bottom line of your organisation.

The services gap is another area which has been highlighted by this report. Organisations are increasingly finding that while they would like to expand their email operations, they often don't have the resources to make it happen. For instance, email volumes increase considerably over the Christmas period – how does your organisation resource for that?

One of the other trends we noticed in 2011 was that increasingly, organisations are beginning to plug the resource gap by outsourcing to specialist email marketing agencies like ourselves. They are also calling on our data and analytics expertise to help optimise their email campaigns, so it's no coincidence that the email economy has had a good year overall – the two developments are inextricably linked.

Once they are able to track revenue more effectively, they can scale up and scale down accordingly, and use email agencies like ourselves more efficiently, which has to be a positive outcome for all concerned.

Overall, the report proves once again that email marketing is continuing to increase its importance at the heart of ecommerce. Here's to another great year.

Dela Quist
CEO, Alchemy Worx

Executive summary

- The strategic value of email marketing increased in 2011, with over 90% of respondents rating it as strategically important or very important to their business.

- Email marketing accounted for 10% or less of the marketing budget in almost half of businesses surveyed, but still claimed a slightly greater proportion of budgets than in 2010. 63% expect to increase expenditure on email marketing in the future.

- Email marketing is rated as by far the best marketing tactic for both ROI and for developing enduring and profitable customer relationships.

- This positive outlook pervades every aspect of the study and report. For example, marketers expressed far fewer email marketing concerns than in previous years.

- The share of revenue generated by email marketing exceeds its share of budget, even ignoring the considerable indirect and long-term responses to campaigns.

- Newsletters (generic and segmented by purchase habits) together with limited-time offers contribute the most to email revenue, but there remains considerable potential to use those message types that generate high revenue per email, particularly trigger email campaigns.

- Open, click and conversion rates trended up over the past 12 months and are widely predicted to increase further in the future. Only 1 in 6 marketers reported decreases in these metrics.

- The most effective methods for email address acquisition are "during transactions", "organic website traffic" and "social media".

- Indeed, compared to previous years, email marketers are far more positive about social media/networks as a complementary channel to email, particular its role in building relationships.

- Maximum mailing frequencies have dropped compared with 2010, and there is a suggestion that many marketers may not be emailing enough to truly maximise email response.

- Internal resources are the biggest barrier to success: most businesses have less than one staff hour a day allocated to email marketing. Skills are not necessarily a major constraint, with 70% of marketers at least familiar with the essentials of the marketing discipline.

- Unsurprisingly, given the above results, most marketers (62%) describe themselves as satisfied or very satisfied with their email marketing programme.

1. Importance of email marketing within organisations

As Chart 1.1 shows, just over 90% of respondents rated email as important or very important to their business. The figure is near identical to 2010's high figure (89%), but masks a positive shift in perceptions, with 15% more respondents falling into the "very important" category than in 2010.

Clearly, **email remains a key tool for businesses**.

1.1 How important is email marketing within your business, strategically?
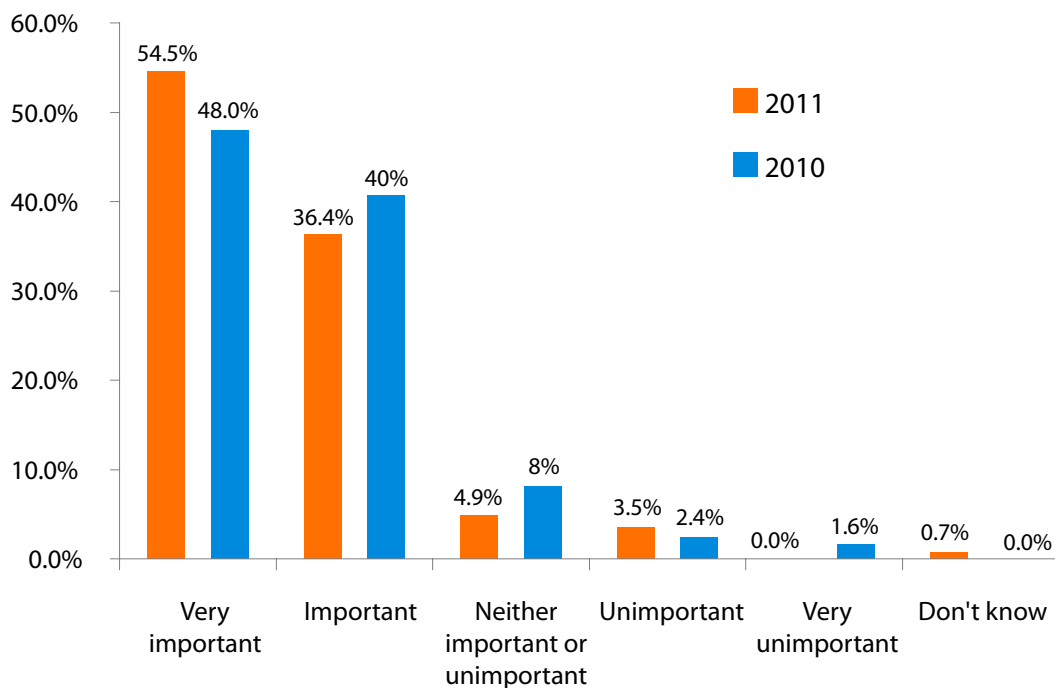
This increase in importance is particularly marked among B2B organisations, which likely has several causes. One is certainly growing recognition of email's ability to influence loyalty and longer-term purchase decisions, rather than simply drive immediate and direct responses.

Cuts, for example, to travel/ tradeshow budgets also mean prospects and customers are harder to reach "in person" and email is a cost-effective way to take up the contact slack.

1.2 How important is email marketing within your business, strategically? (B2B vs B2C vs Both)
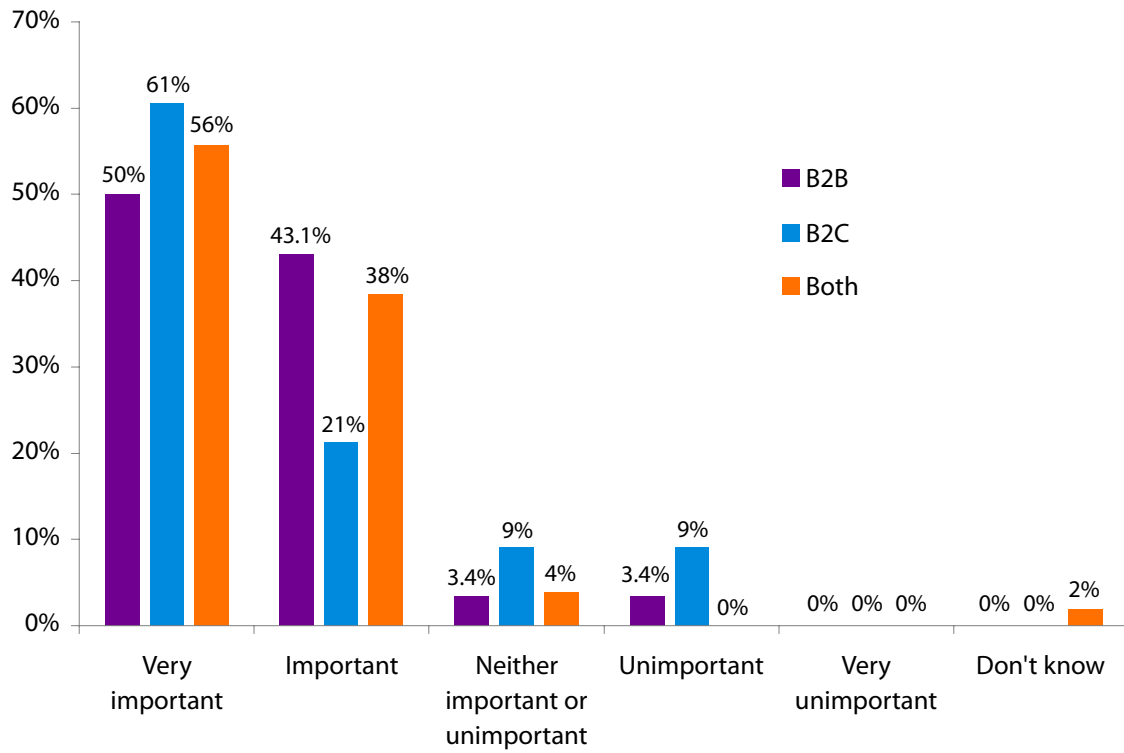
2. Budget allocations

Traditionally, the recognition of email's importance is rarely reflected in actual budget allocation. Email is a victim of its own success here.

The high ROI produced at a relatively low cost leads many organisations to perceive email as something that performs perfectly well without the need for significant resources. This can constrain investment in more advanced tactics, such as shopping cart abandonment emails.

2011 follows a similar pattern to previous years, with 48% spending 10% or less of their budget on email. Nevertheless, as Chart 2.1 shows, the year did see **slight improvements in budget allocation** compared with 2010, and over a third of respondents spent 30% or more of their marketing budget on email.

2.1 What proportion of your marketing budget is spent on email?
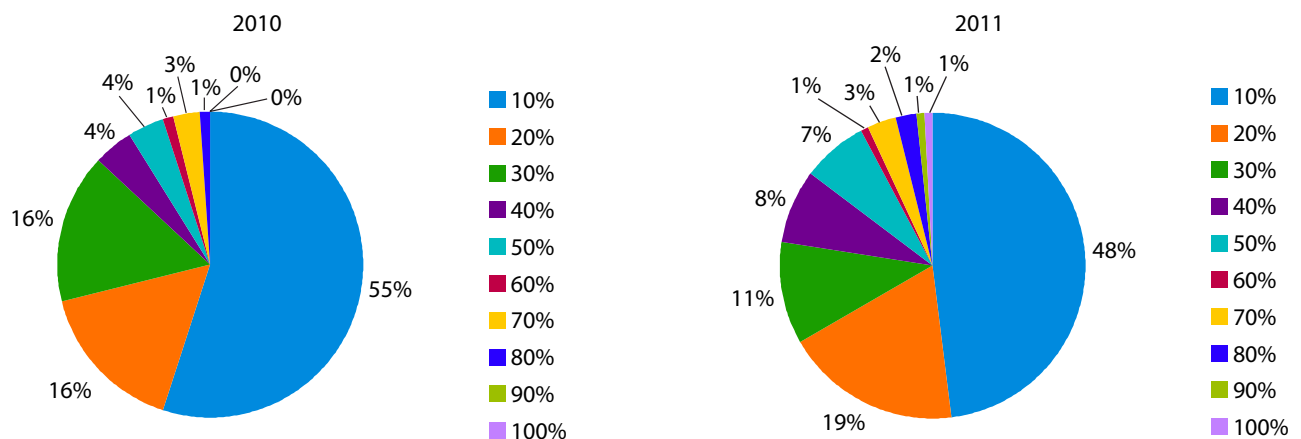
Of course, an increase in the percentage of budget spent on email does not necessarily mean investment in email has actually grown. If we assume that the economic situation in 2011 often led to marketing budget cuts, then reduced investment in other channels could increase email's share while the actual amount invested stayed the same or fell.

Assuming Chart 2.1 represents absolute budget increases, these still fall short of the investment intentions expressed in 2010, when over half of respondents expected their expenditure on email to grow.

2.2 Looking forward, how would you expect your company's expenditure on email to change?

There are many factors behind the regular gap between predictions on budget change and the subsequent
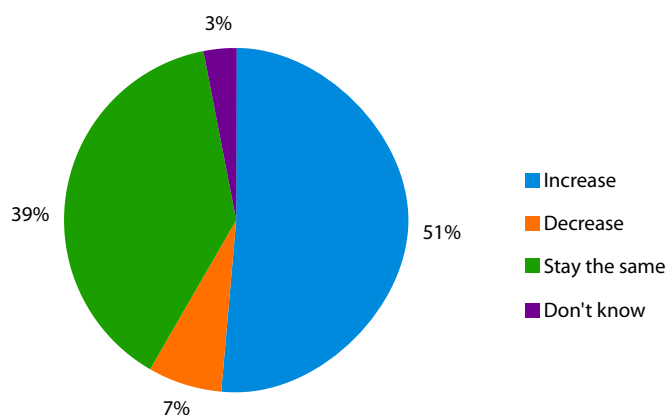
Source: DMA National client email marketing report; 2010

availability of funds for email marketing. Continuing economic uncertainty certainly played a role in keeping budget increases down. Lower CPMs or reduced bandwidth/infrastructure costs can also reduce the need for additional investment, especially where only sending volumes increase.

Equally, the desire to invest more in email marketing is often associated with proposed investment in new tactics. But the actual implementation of new tactics is constrained not just by the true availability of funds, but also by a **lack of appropriate resources**.

3. Constraints and resource use

This is made clear in Chart 3.1, with internal resources by far the most cited barrier to email marketing success.

3.1 What are the barriers to success for you?
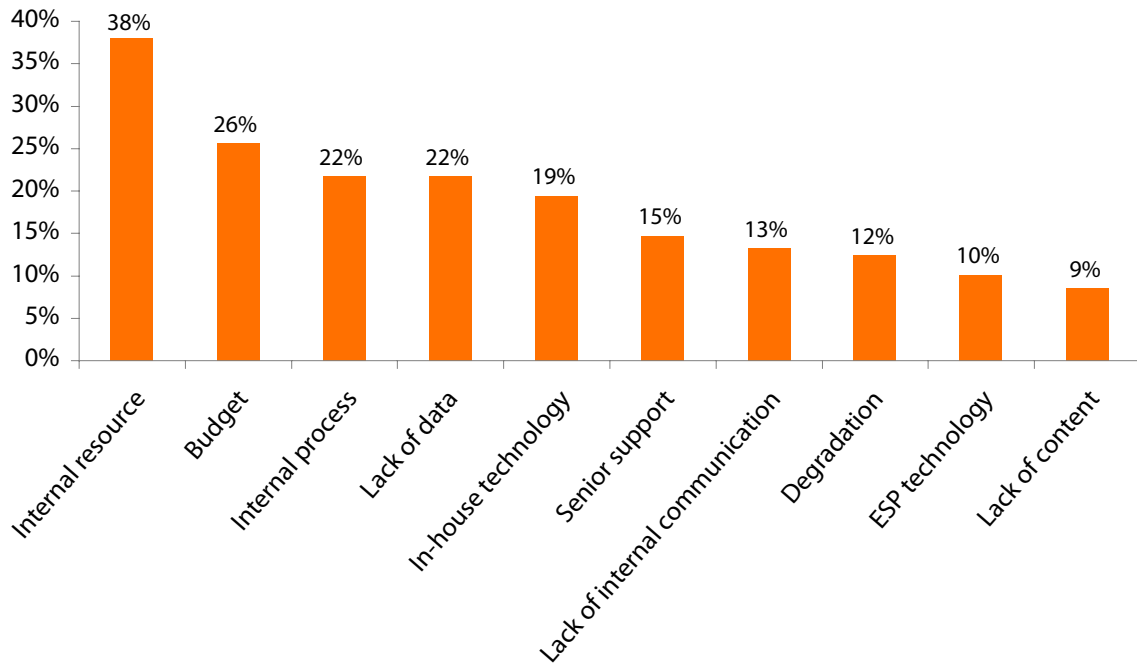
The importance of the resources issue is no surprise, given the majority of organisations have less than one staff hour a day allocated to email marketing activities, and few are outsourcing to an agency or ESP: 74% manage their program in-house.

3.2 How many staff hours are dedicated to email marketing in an average month?
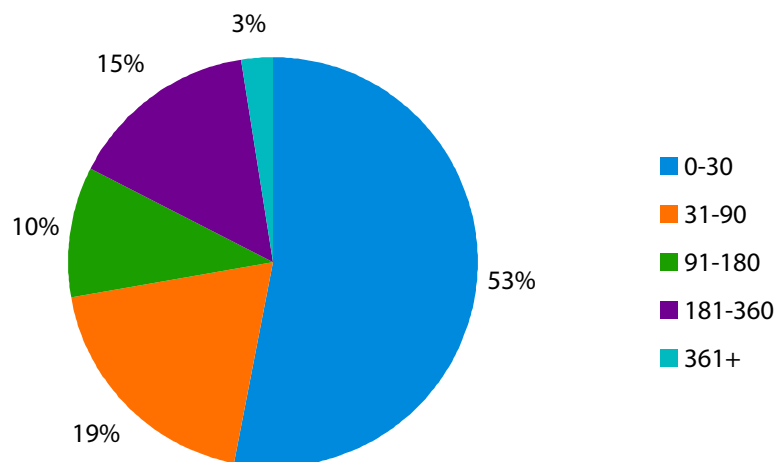
3.3 How do you manage your email marketing programme?
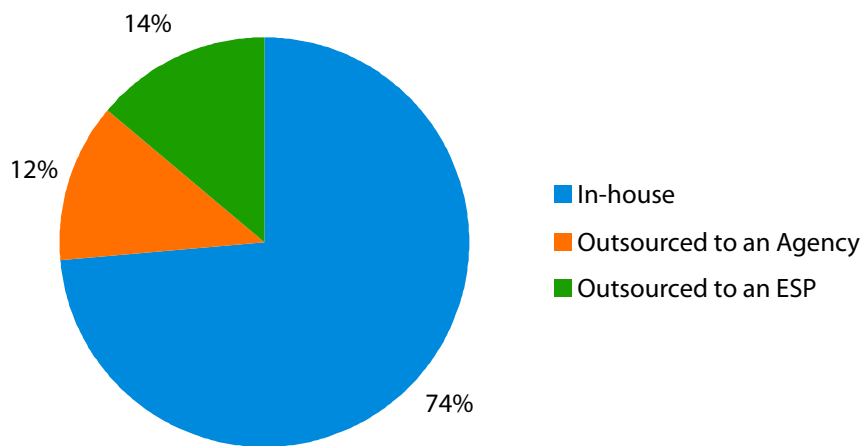
There are various models for how email marketing can evolve within a business, such as Dave Chaffey's six levels of targeting[5], but most email efforts fall into three tiers.

Tier 1 is the lower-cost "workhorse" model, using generic campaigns with little customisation. This robust model continues to work, since subscribers on a well-defined email list have enough in common for broad-brush campaigns to achieve a high ROI. However, it will come under growing pressure as competition for attention online rises.

Tier 2 is the hybrid and - for many - most practical option for a forward-thinking email marketing approach. Here the marketer continues with generic campaigns, but gradually builds in a growing number of customised or trigger campaigns as time, skills and resources allow.

Tier 3 is a switch to one-to-one email marketing based around customisation achieved through dynamic content personalisation, advanced segmentation and/or trigger-based emails. These typically require investment in tools and databases, but can bring considerable rewards in terms of response rates.

Progression through the tiers is sometimes possible simply through making more effective use of existing possibilities. Marketers may be under-utilising the tools and features available from their ESPs or in their email marketing software.

Equally, email service providers and software developers need to **make advanced functionality as easy, available and intuitive to use as possible**, so that good intentions can more readily turn into investment action.

Normally, though, an evolving email programme requires more resources. The challenge for many marketers is attracting those resources by selling email internally to senior management. So a key question is this: what is the value of email to businesses?

5 Dave Chaffey (2010) Email segmentation and targeting options. Smart Insights

4. Revenue contributions and budget projections

The reported revenue contributions from email marketing are disproportionally large when compared to its budget allocation. For example, email drives 30% or more of revenues for around 44% of respondents, but accounts for an equivalent amount of budget in just 34% of cases.

4.1 What does email contribute overall to the business as a % of revenue?
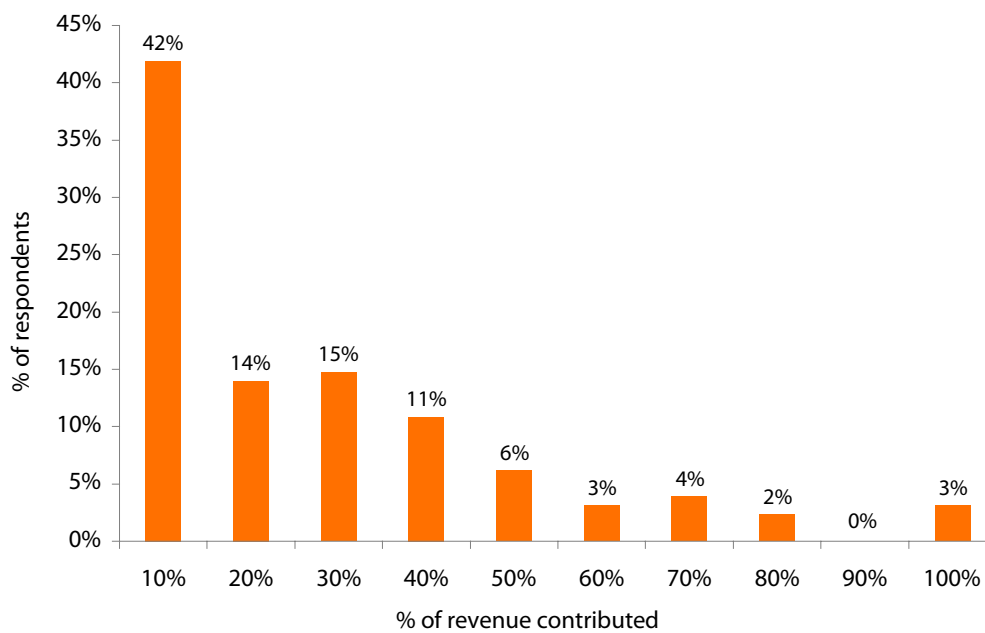
There are two related issues associated with these figures and the concept of email's value to an organisation.

The first is the ability of marketers to actually measure email revenue. Around 61% say they can, which is slightly more than the 55% who could do so in 2010. There are, however, marked differences between B2B and B2C senders: the figure for the latter is 79%, while only 44% of B2B organisations claim the same ability.

4.2 Are you able to calculate the revenue generated from your email marketing activities?
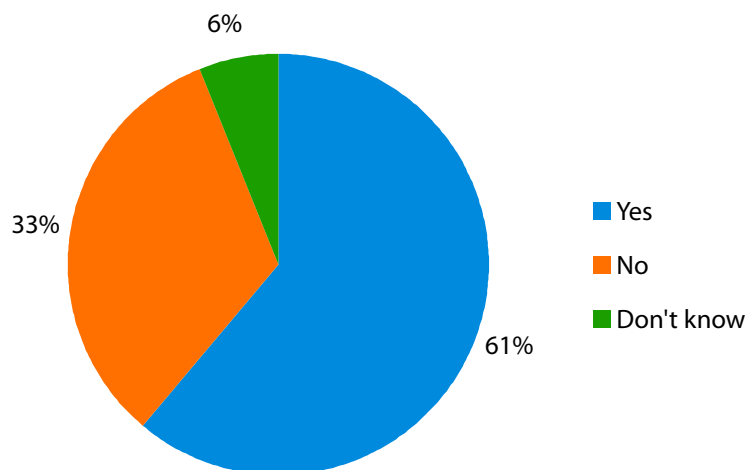
This disparity is easily explained by the typical nature of B2C and B2B emails. B2C messages are commonly direct response offers for a particular product, with a trackable, measurable conversion path: open - click to a unique landing page - purchase.

B2B emails are often informational, with long-term, harder-to-measure revenue impacts achieved through increased loyalty and lead nurturing.

The second issue is that standard measures of email revenue – tracking post-click conversions from unique landing pages - actually under-estimate the true impacts of email.

A recent consumer survey[6] by the DMA, for example, asked how people respond to receiving an interesting email from a trusted brand: 22% would visit the sender's website without clicking on an email link and 45% would "bear the information in mind for later use". The resultant sales, downloads, etc. would not normally be attributed to email.

One study[7] has shown, for example, how sales spikes can be observed among email subscribers shortly after a campaign send. Unsurprisingly that sales spike is observed in subscribers **who neither open nor click on an email**.

Proper measurement of the impact of email, for example, via holdout tests, would inevitably lead to better decisions on how much to invest in the channel.

Equally, proper awareness of "out-of-email" response (those responses that aren't expressed through an open or click on the email itself) opens up the possibility of using more campaigns specifically designed to encourage this response; where email acts, for example, as a branding vehicle, awareness builder or driver of offline activity.

This awareness also changes the understanding of "inactive" subscribers. Many marketers remove those addresses from a list that have neither opened or clicked over a certain period of time (typically 6+ months). In doing so, they may actually reject subscribers who do respond to emails, just not through the process of an open or click.

The high value, performance and potential of email marketing is also emphasised in budget plans for 2012, **with 63% intending to increase expenditure on email** and only 6% expecting a decrease.

4.3 Looking forward, how would you expect your company's expenditure on email to change?

6% — 31% — 63%

Legend:
- Decrease
- Increase
- Stay the same

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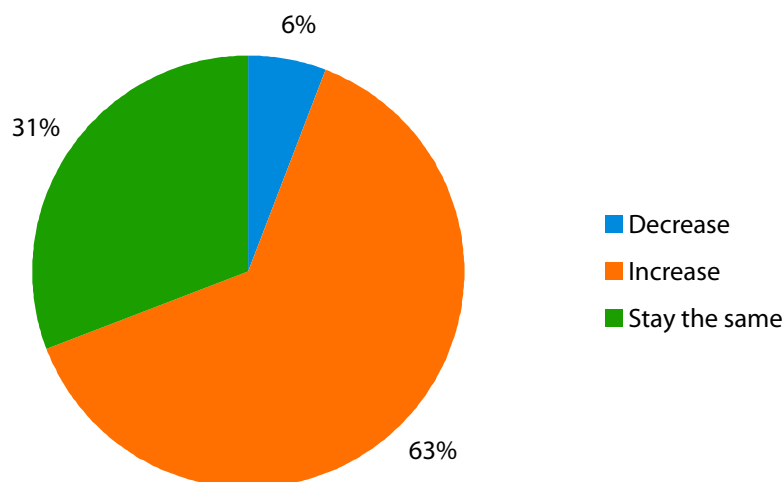
[6] DMA (2011) DMA/fast.MAP Email Tracking Study
[7] Alchemy Worx (2009) Dela Quist on the nudge effect

For the first time since the initial 2007 report, the number expecting to increase expenditure has gone up. Notwithstanding that likely gap between expectations and reality, this certainly speaks to growing send volumes and changes in perception. Email is migrating from a simple, low-cost direct response workhorse to a flexible, rich marketing tool able to support a range of marketing goals, channels and tactics.

Another factor behind investment increases is the continuing challenge of the dynamic online environment, where standing still can mean going backwards. Particular challenges include:

- Competition for attention from outside the inbox (social networks, video, gaming etc.).

- Competition for attention within the inbox, particularly as inbox providers provide more tools for sorting email by importance.

- The arrival of mobile email, which changes when and where a growing proportion of an email list see their email.

5. Comparative performance – ROI and relationship building

Email marketing clearly has a strong and valued role for businesses, but how does it compare with other marketing tactics?
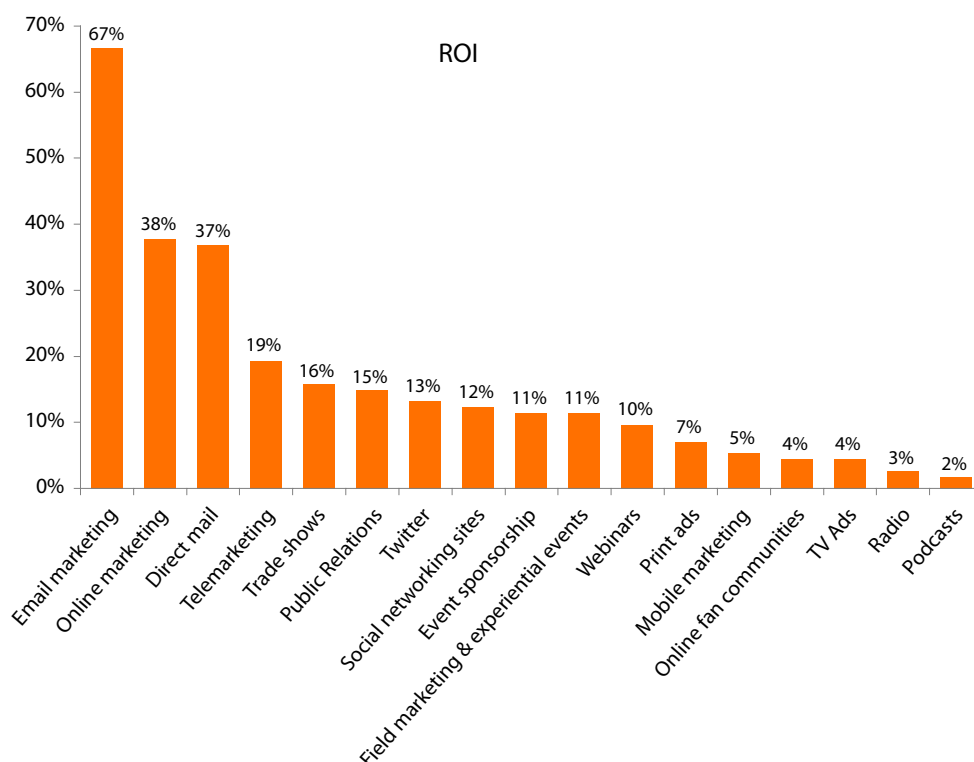
Looking first at ROI, Chart 5.1 shows **email marketing is a clear winner**: 67% of respondents cite email as one of the tactics giving the best ROI in their company, almost double the next best option (online marketing in general). The figure is made more impressive by that general tendency to actually underestimate email revenues.

Of course, these ROI results are biased by whether or not the company actually uses each tactic in question. It's no surprise to find email top, given respondents were predominately email marketers. But the result does echo similar findings in numerous other studies and surveys. For example:

- An Email Marketing Industry Census[8] found email was second only to organic SEO in terms of ROI, with 72% describing email's ROI as excellent or good.

- The US DMA's "Power of Direct" study[9] estimated email marketing's ROI for 2011 at $40.56 for each $1 invested, easily beating all other marketing channels.

- A Focus Marketer Benchmark survey[10] saw email marketing cited most often as the best performer over the previous 12 months.

- Perhaps more interesting is the evaluation of each tactic or channel's potential in creating long-term and profitable customer relationships, which is less biased by whether or not the respondent's company actually uses that tactic or channel.

Again, email is the clear winner, cited by 72% of respondents. This is exactly double the number of the second-most promising option: social media.

5.1 Which marketing tactics have the best ROI in your company? Which do you believe create enduring and profitable customer relationships?

ROI

Tactic	Value
Email marketing	67%
Online marketing	38%
Direct mail	37%
Telemarketing	19%
Trade shows	16%
Public Relations	15%
Twitter	13%
Social networking sites	12%
Event sponsorship	11%
Field marketing & experiential events	11%
Webinars	10%
Print ads	7%
Mobile marketing	5%
Online fan communities	4%
TV Ads	4%
Radio	3%
Podcasts	2%

[8] Econsultancy (2011) Email Marketing Industry Census
[9] Ken Magill (2011) Email Remains ROI King. The Magill Report
[10] Focus Market Research (2011) Focus Research Study Marketers' Benchmarks 2011. Focus

Relationship
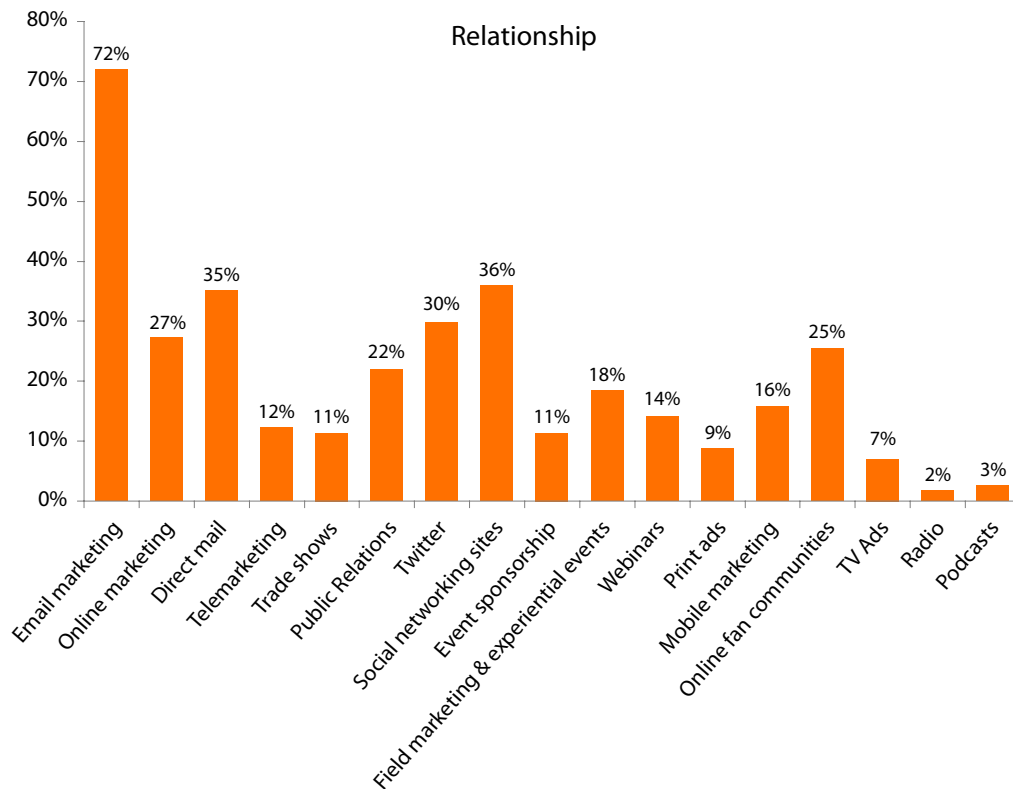
There are many positive aspects to this result. Despite the tendency to focus on immediate benefits and responses, marketers clearly do recognise that email can play a wider and important role in long-term profitability and customer relationship management.

This recognition, coupled with a better appreciation of email's indirect impacts, opens up the channel to a range of new possibilities beyond the constraints of the simple direct response offer, as discussed earlier.

Email's relationship role also ties into the enthusiasm for content marketing, where email is an excellent vehicle for both distributing and creating content, for example through:

- Repurposing valuable content created for and through social networks, blogs, support sites etc.

- Driving subscribers to discussions on social network sites, community forums and blogs

- Inviting customers to submit reviews and ratings for products and services

- Encouraging subscribers to participate in surveys and studies

Email is almost unique in having value for both ROI and long-term, profitable relationships. This versatility contrasts with nearly all the alternatives, which tend to be better suited to one or the other.

The results also point to a more mature approach to social media and social networks. Twitter, other social networking sites and online fan communities all scored relatively well as relationship builders. This suggests email marketers no longer reject "social" as a "threat" to email, but see it as a complementary marketing option of genuine merit.

The potential advantages of integrating email and social are clear, but the wisdom of such integration does depend on the individual business and their audience. Important issues include:

- The commitment required for multichannel approaches

- The content and communication strategies for each channel (same or different?) and the allocation of responsibility for each

- The relative value to the business of engaging people through different channels

In particular, with email a preferred channel for commercial communications, when is it wise to encourage email subscriber attention to shift to channels where conversions are harder and message longevity much shorter? Compare, for example, the lifetime of an email in the inbox with that of a single tweet in the average Twitter stream.

Promising, early-stage integration approaches include:

- Using social networks to grow email databases, e.g.
    - Announcements of forthcoming emails or newsletter issues
    - Distribution of links to archived emails
    - Linking to sign-up pages
    - Embedding sign-up forms and copy in social network sites
- Using email to drive social network activity, e.g.
    - Email content as topics for discussion
    - "Share with your network" links
    - "Follow", "Like" etc. links or campaigns
    - Promoting Facebook chats and competitions
- Sharing content between social and email, e.g.
    - Monitoring social conversations for email topics and customer interests
    - Repurposing social and user-generated content

6. Performance of different types of email message

In terms of specific email types, respondents highlighted traditional approaches as the main revenue drivers: the top 3 sources of email income were generic newsletters, limited-time offers, and newsletters segmented by purchase habits.

6.1 What types of email message generate the most income?
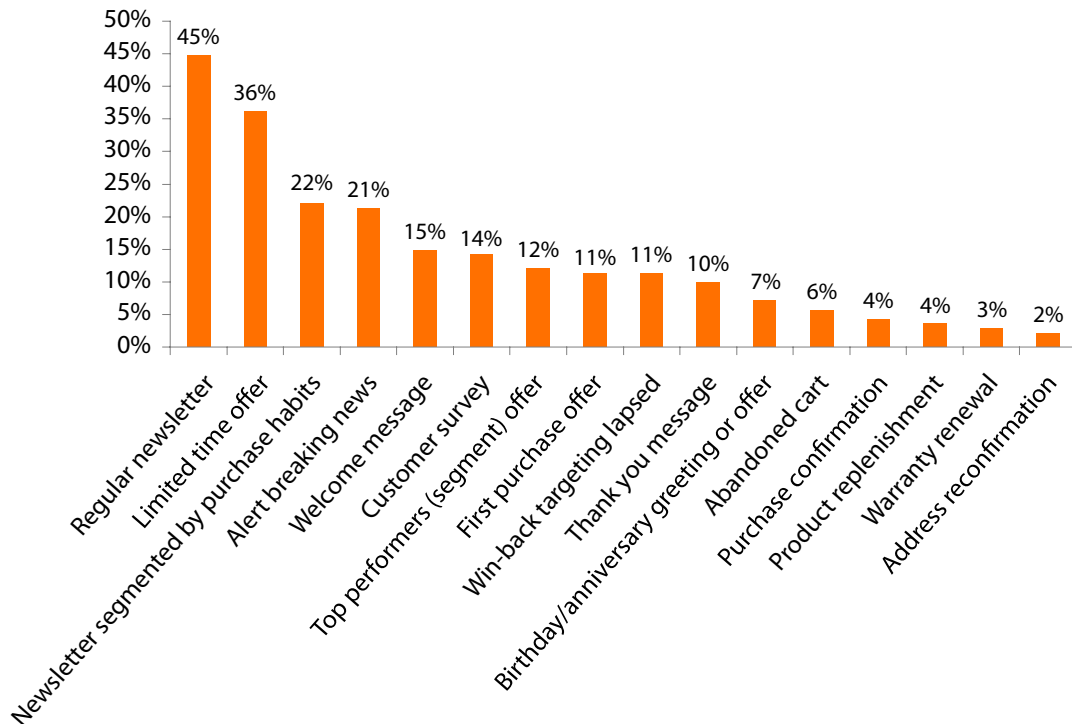
This speaks to the continuing value and success of the basic Tier 1 approach outlined earlier. However, the apparent relatively poor performance of more advanced or select approaches needs more nuanced analysis.

First, the list partly reflects what's actually used. Is more income produced from newsletters and limited-time offers because they are particularly effective, or simply because most emails take those forms?

Second, many of the more select approaches will not have the volume to make up the top income contribution, but **the revenue per email may be much higher than with generic approaches**.

For example:

- VIE at home report £250 in revenue for every £1 invested in abandoned shopping cart emails[11].

- Epson's birthday emails produce 840% more revenue per email than the overall email program[12].

- Trigger emails sent based on on-site searches get treble the open rates and 50% higher CTRs than LowFares. com's typical email newsletters[13].

- Welcome messages typically achieve four times the opens, five times the CTR and over eight times the revenue per email of promotional emails[14].

The high revenue per email coupled with the "set and forget" nature of many trigger email approaches makes them a very promising investment.

Finally, many of the low income contributors have indirect or long-term benefits. A well-designed welcome email series, for example, can lift open and click rates across the entire lifetime of a subscriber.

[11] Karen Marchione (2011) Five Questions: Louise James of VIE at home. Silverpop Blog
[12] Chad White (2011) Takeaways from Responsys Interact 2011. The Retail Email Blog
[13] Adam T. Sutton (2011) Email Marketing: Triggered content for on-site searchers. MarketingSherpa
[14] Experian CheetahMail (2010) The Welcome Email Report

7. Email marketing competence and education

Of course, the evolution of an email programme to take advantage of such elements as shopping cart abandonment messages, winback emails etc. is subject to those constraints to success cited in Chart 7.1.

This evolution also demands a more advanced understanding of email marketing, but the needed experience and skills are not necessarily as significant a hurdle as many would think. Some 70% of respondents are at least comfortable with the essentials of email marketing and 40% regard themselves as fully capable of utilising modern tools and tactics (were it not for those aforementioned constraints).

7.1 How would you rate your company's overall level of competence in email marketing?
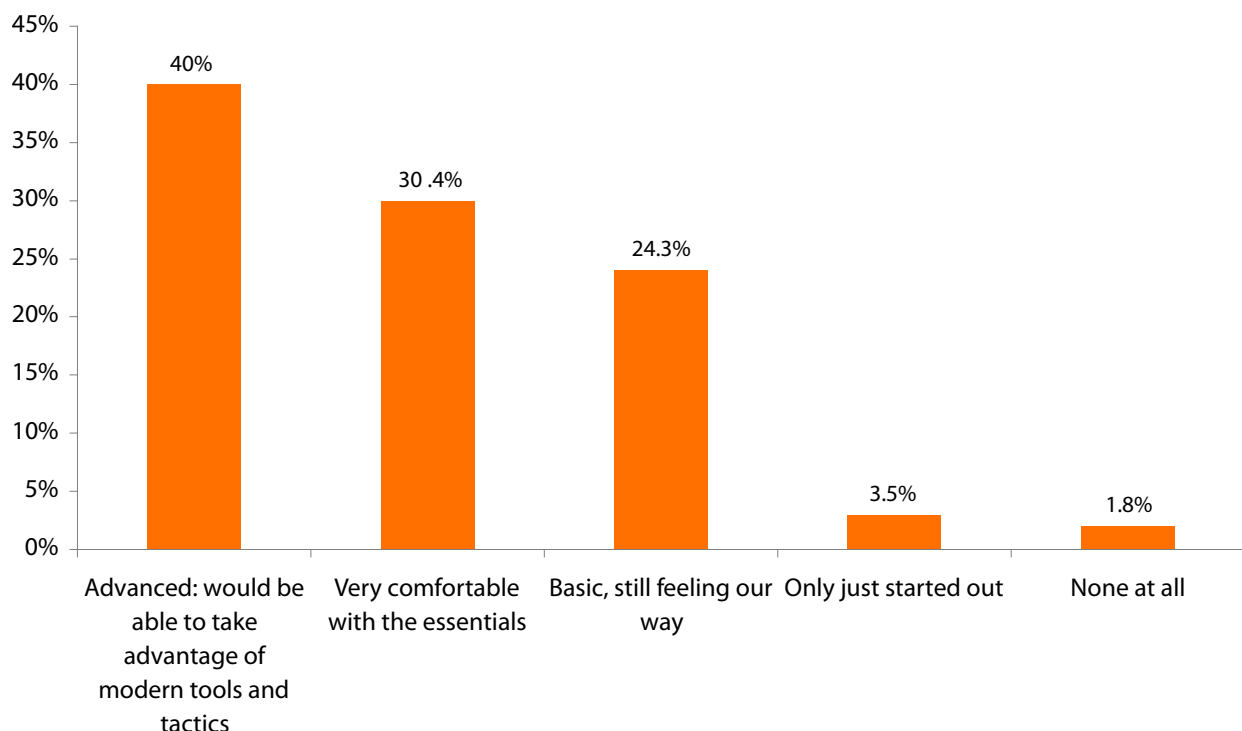
The growth of email marketing as a profession has seen various formal training courses emerge, but most marketers are reliant on email newsletters and blogs for their email marketing information, as Chart 7.2 demonstrates.

7.2 Where do you get most of your email marketing information from?
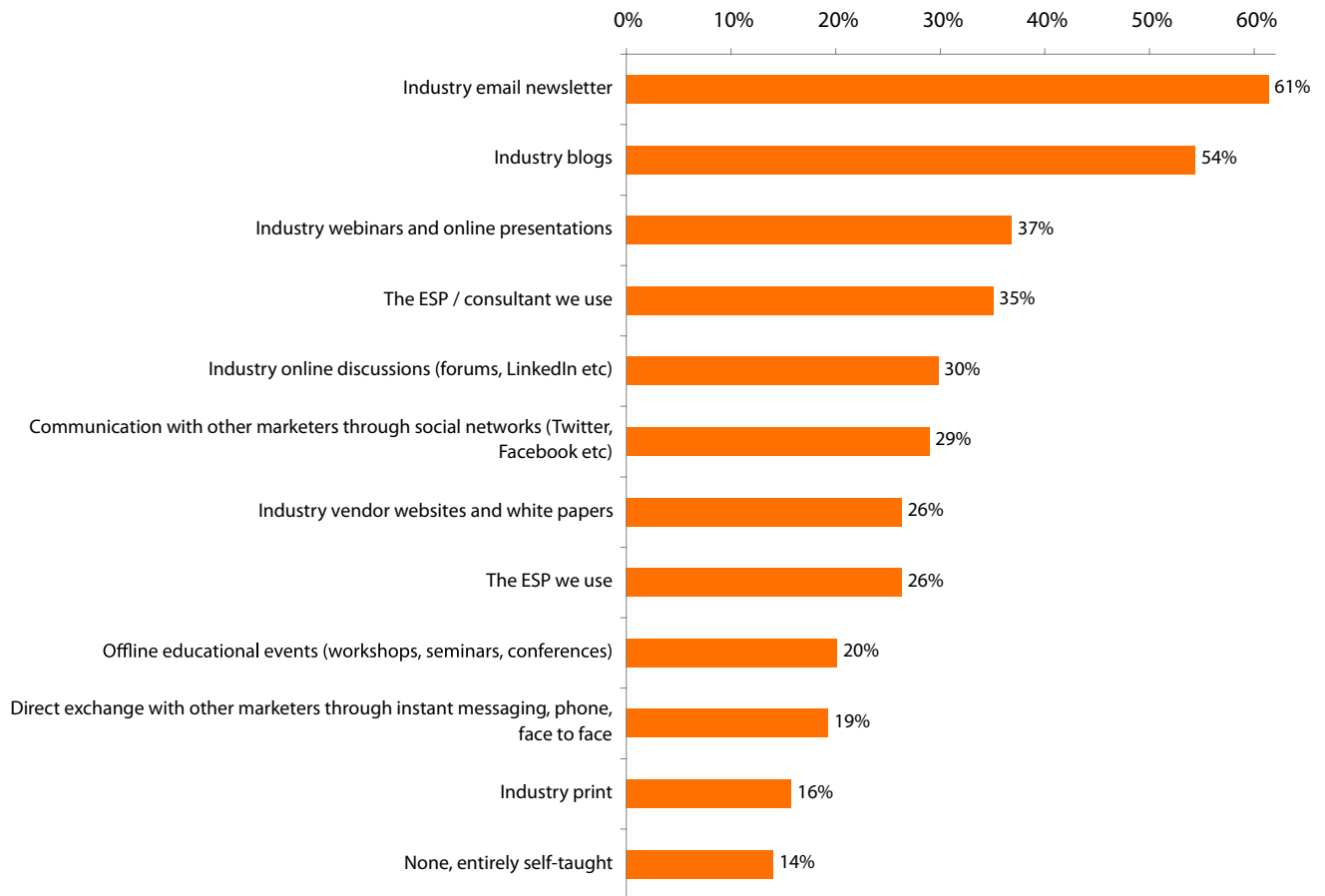
Clearly the industry is doing a good job of education, but marketers are potentially missing out if they rely solely on online information pushed out to them by 3rd parties.

In particular, there is much potential in online and offline networking and discussion opportunities. These include:

- Events (e.g. the DMA Email Marketing Council holds regular events, such as the Email Lifecycle Customer Series)
- LinkedIn (e.g. the DMA UK – Email Council and Email Marketing Interest Group)
- Discussion lists, forums & Q&A sites (e.g. Only Influencers, Email Marketers Club, Focus.com)
- Social networking (many email marketers are, for example, active on Twitter in a professional capacity and increasingly so on Google+)

8. Key metrics – opens, clicks, conversions

Each email's success at generating (direct) revenue is of course dependent on the success in drawing subscribers along the conversion chain, as reflected in key metrics like opens, clicks and conversions.

Here, respondents **are upbeat about trends through the last 12 months**. For example, 67% said open rates held steady or improved, with equivalent figures of 69% and 63% for click and conversion rates.

The positive trend is echoed elsewhere. Statistics from North America, for example, saw average opens and clicks steady or rising across 2011, too[15].

8.1 How have the following trended over the last 12 months?
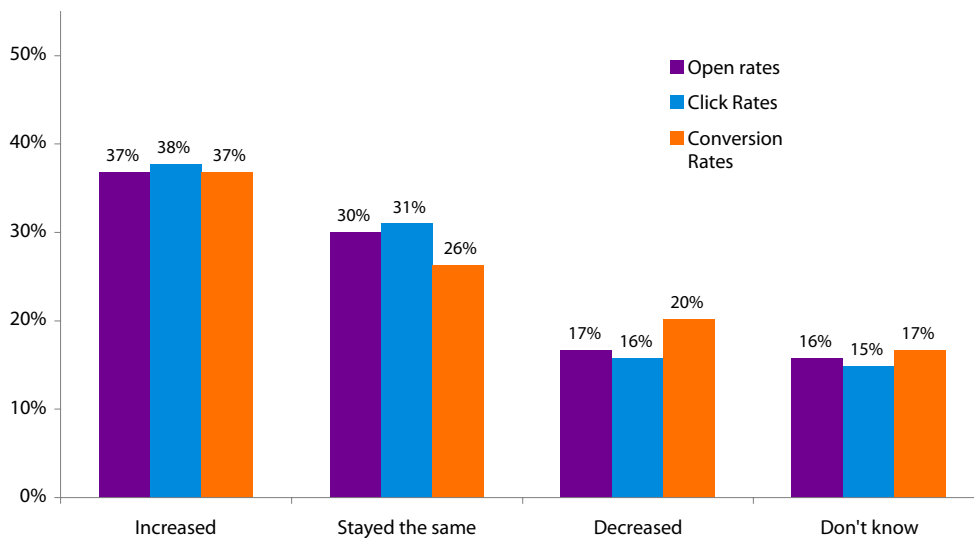
Respondents are even more optimistic about future changes. For example, 51% expect click rates to improve.

8.2 How do you expect the following to trend over the next 12 months?

These responses again reflect the continuing strength of email marketing. However, there is no call for complacency.
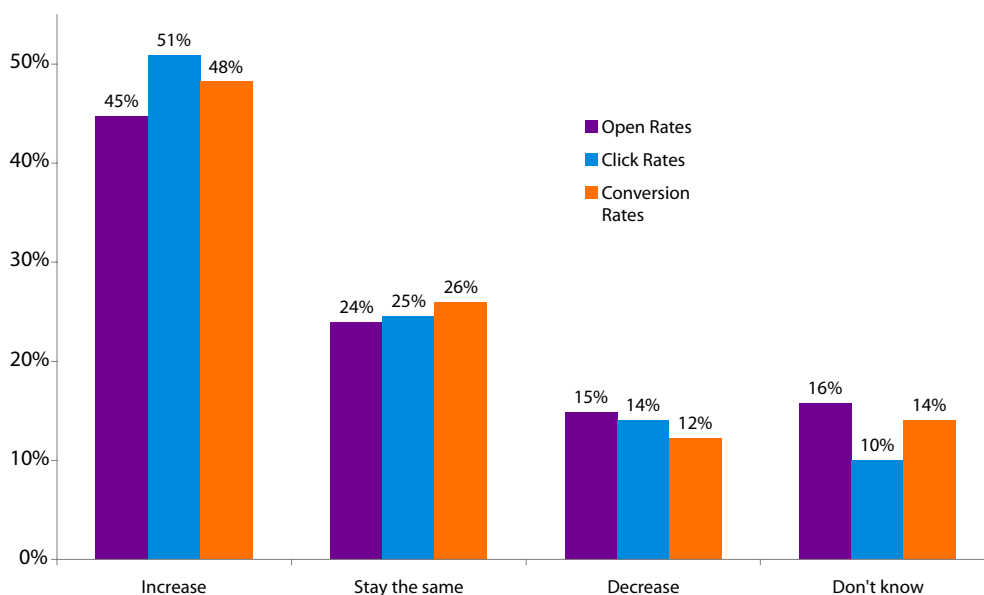
It was surprising that 1 in 6 respondents did not know how key metrics had changed across the past 12 months. Where this is due to a lack of data, marketers are advised to upgrade their email marketing tools, since even the most basic specialist email marketing software or service will report process metrics as a given.

The lack of a metrics overview might also stem from a focus on individual emails, rather than the overall email marketing programme.

This is understandable given the time pressures many marketers are under, where simply getting out the next campaign is the main priority. However, it can cause businesses to forget or under-exploit the key role the "big picture" stream of messages has in contributing to image, awareness, branding, and loyalty (and thus to long-term response and profits).

Roughly 1 in 6 respondents saw process metrics drop across late 2010 and 2011. Of course, lower rates may not always be a bad thing. If frequency doubles from once a month to every second week, click rates may fall, but the number of actual clicks will increase significantly given the overall increase in send volumes.

Long-term, sustainable improvements in opens, clicks and conversions are best gained through fundamental changes in email design, tactics and strategy. But relatively simple email elements worth testing to improve process metrics include:

- From names (brand, organisation, account manager, other individual, or a combination of person and brand/organisation)

- Subject lines (length, style, word order, capitalisation, branding, personalisation)

- Timing (time of day, day of week, day in month)

- Frequency

- Call-to-action (CTA) links (number, positioning, wording, style, colour, size, shape, use of secondary CTAs as well as a main CTA, CTAs in pre-headers)

9. Satisfaction with email programmes…and concerns

Given the numbers reported so far, it's no surprise to find most respondents happy with their email marketing efforts: 62% describe themselves as satisfied or very satisfied and only 22% as unsatisfied or very unsatisfied. Coincidentally, that 22% is not far off the number who report declining process metrics across the last 12 months (see Chart 9.1).

9.1 How satisfied are you with your email marketing programme?
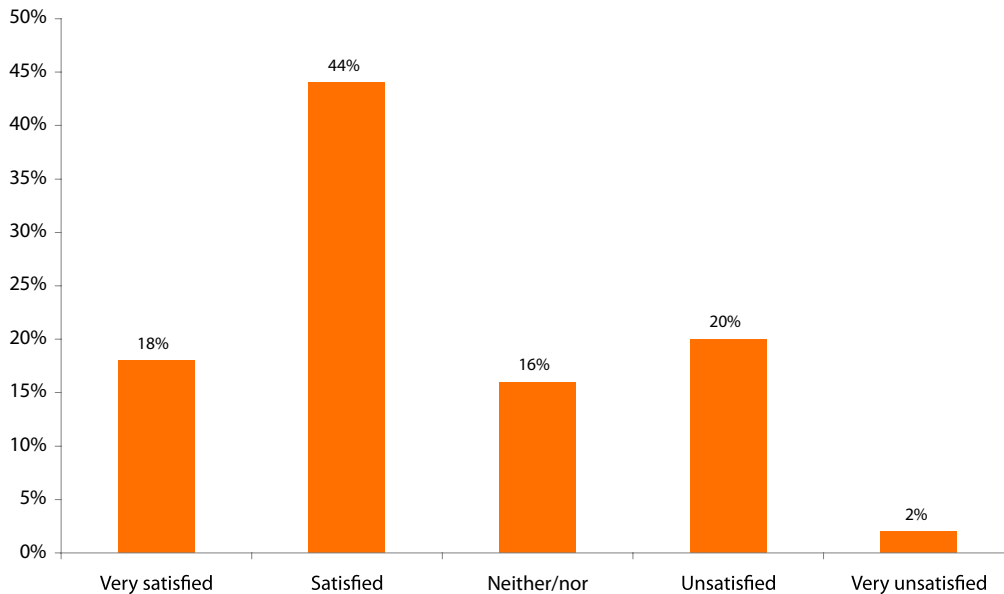
The picture is slightly less rosy for B2C compared to B2B businesses, where almost a third are not satisfied with their email programme.

9.2 How satisfied are you with your email marketing programme? (B2B vs B2C vs Both)
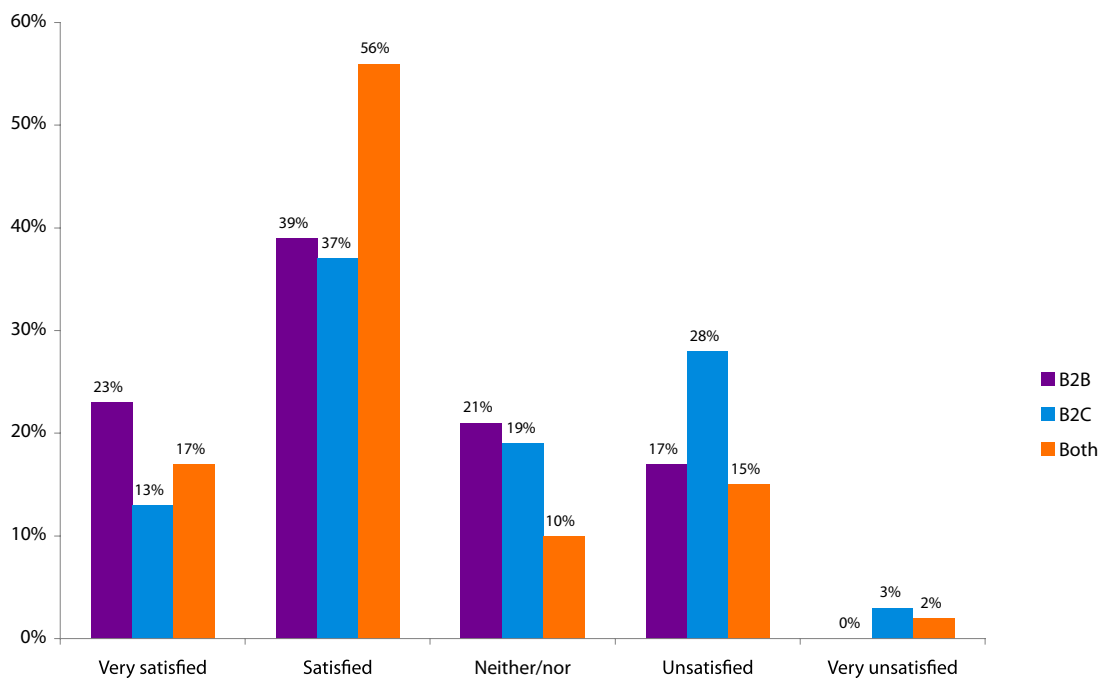
The broadly optimistic outlook pervading the entire report continues when examining marketer concerns.

The most notable change from the 2010 report is how these concerns are **far fewer than before**. As an example, 68% of respondents in 2010 expressed concern about data, but the figure for 2011 is just 23%.

9.3 Which of the following are you most concerned about?

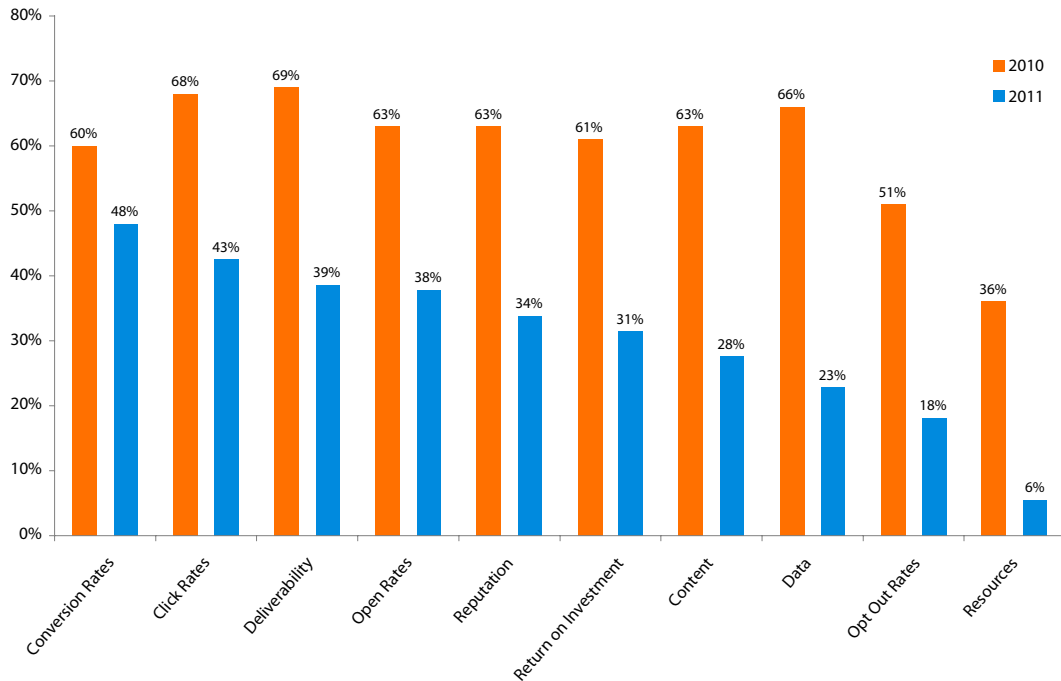Priorities have also shifted away from the email process toward end results, with conversion rates now the most common concern, particularly for B2C businesses. In 2010, it was deliverability and click rates.

The general impression is certainly one of an industry that has matured both in image, personnel and outcomes.

Curiously, both data and resources were ranked relatively low as concerns. This seems to contradict Chart 3.1 on barriers to success, where resources were ranked most important.

The difference between Chart 3.1 and Chart 9.3 actually implies stable progress. Marketers no longer fear that their current position and activities are under threat from **cuts** in resources – again speaking to the success of email. However, this position is not yet so strong that they can necessarily access **more** resources to take things up a level. A similar argument applies to data – enough to continue as things are, but not necessarily enough to implement more data-driven tactics and strategies.

Perhaps the real challenge for email marketers in 2012 is demonstrating both the value and potential of email to senior management to free up the resources needed to move up through those tiers. A refrain which sounds familiar…

10. List growth

Of course, increased response need not only come from advanced tactics. Marketers can simply send out more email, either through list growth or increasing contact frequency.

Respondents rated "during transactions", "organic website traffic" and "social media" as the most effective methods of acquiring new addresses. In 2010, social media was ranked as the worst performing tactic for list growth. The turnaround once again confirms the more considered approach to the email/social debate and the better understanding of how to exploit social media to email marketing's benefit, as outlined earlier.

Marketers should, however, not rule out less effective sign-up methods where these are free or low cost. An example would be including an email list sign-up call to action on invoices or in transactional emails.

There is also potential to explore novel sign-up approaches that make use of newer interactive opportunities online. For example, companies have begun testing[16] embedding sign-up forms in pay-per-click search engine ads. Others are lifting conversions by up to 900%[17] with popover sign-up forms that activate on websites in response to specific visitor behaviours, such as reading an article through to the end or visiting a certain number of pages.

10.1 Which is the most effective method to acquire new email addresses?
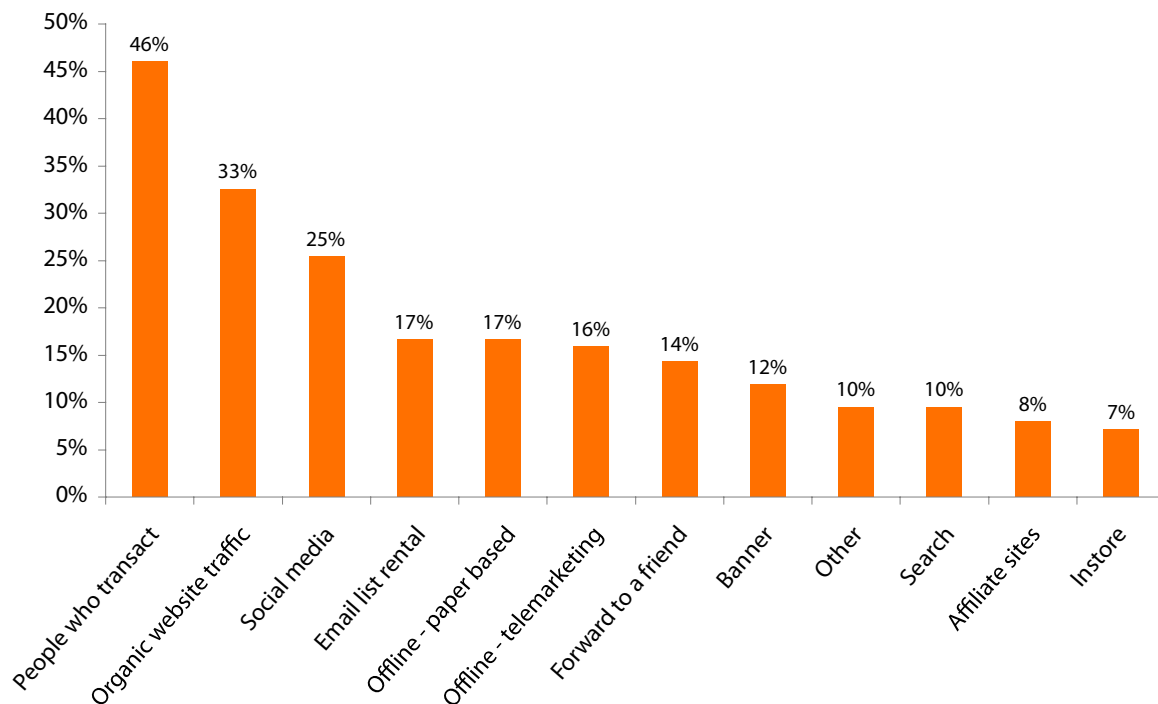
[16] Remy Bergsma (2011) Google tests direct email subscription in search results with Honda. Emailblog.eu
[17] Mark Brownlow (2011) Double your sign-up rate? Practical advice for popover forms. Email Marketing Reports

11. Contact frequencies and strategies

In theory, simply increasing frequency will lift response to some magic maximum. Beyond that point, "overload" kicks in: performance then reverses through list fatigue, unsubscribes and delivery problems associated with higher spam complaints.

The trick is knowing what the optimal contact frequency is. It is a problem compounded by it being different for each individual subscriber. This leads to considerable debate among the email marketing community: how much email is too much email?

Traditionally, marketers have erred on the side of caution, guided by the perception that inboxes are overflowing.

Many are reluctant to simply lift frequency per se, preferring instead to seek safer options to send people more email. These options relate to the idea that "tolerance" for more email increases with the value of that email: the more value you offer, the more email you can send.

Examples include:

- seasonal frequency increases, such as during the Christmas shopping season

- sending more email to frequent purchasers or those who open/click regularly

- offering additional email streams for people to opt-in to

- introducing trigger email initiatives, where emails are sent in response to a specific customer behaviour (like "just bought a product", "just registered at the website" or "just abandoned a shopping cart") or data point (like "birthday").

The sense of caution means that many businesses see no need to actively manage contact limits. If you only send a monthly newsletter, a contact management strategy is largely redundant. Indeed, only 46% of respondents had a strategy in place for limiting contacts to individual addresses, a number that is largely unchanged (even slightly worse) than in the 2010 and 2009 reports.

11.1 Is there a contact strategy for the maximum amount of times you contact an address?

5%

46%

49%

- Don't know
- No
- Yes
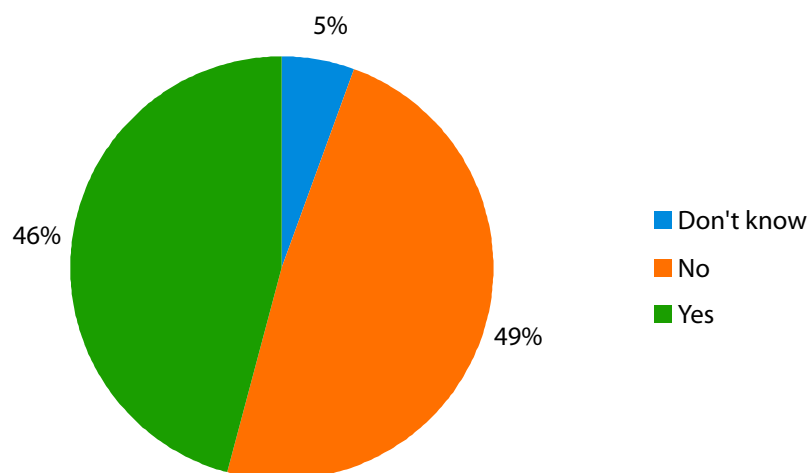
However, anyone moving away from Tier 1 email marketing, or seeking to up frequency as a quick way to drive more revenue would be advised to develop such a strategy.

A related aspect here is overall coordination of email output, if different business units are mailing the same people. This is not just a question of frequency management. As we saw earlier, email can play a strong role in influencing out-of-email purchase decisions, so coordinated messaging and brand communication becomes important.

Actual maximum mailing frequencies have dropped when compared with 2010. In 2011 around two-thirds of respondents are never mailing more than three times a month to any one address on a list.

11.2 What is the maximum number of times you contact an address on your list in one month?
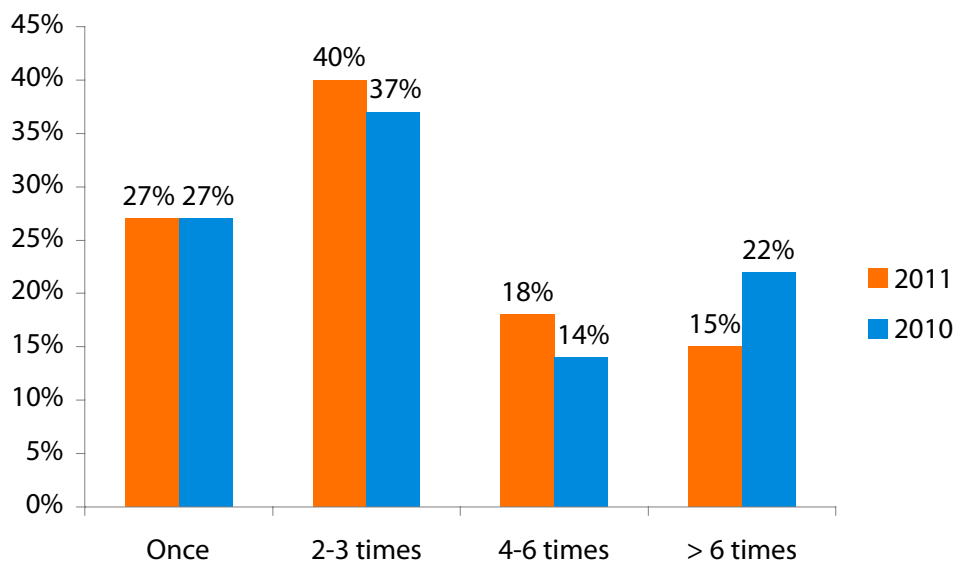
B2C businesses are inevitably sending more often, but have also dropped maximum frequency compared with 2010. For example, 47% send a maximum that involves at least one email a week, compared with 57% in 2010.

11.3 What is the maximum number of times you contact an address on your list in one month? (B2B vs B2C vs Both)
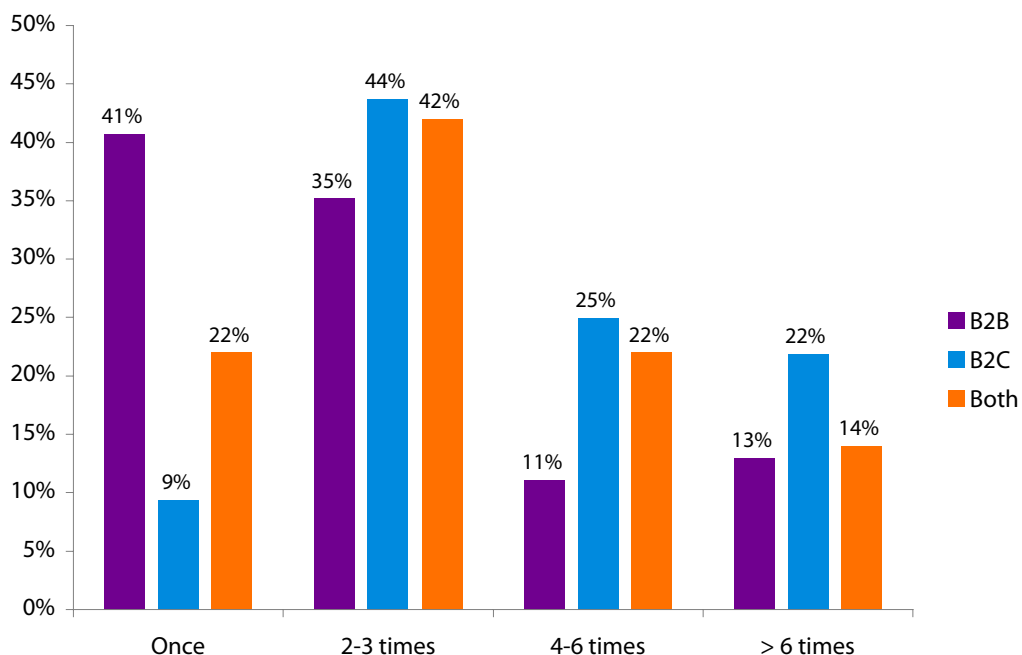
These numbers suggest most subscribers are not actually getting much email from individual businesses.

Other statistics also imply that people are not getting nearly as much commercial email as most marketers would think.

The DMA consumer survey[18], for example, found half of respondents getting less than 20 emails a week from trusted brands. Other analyses[19] suggest typical webmail accounts might be getting as few as 7-8 emails a day in total.

Whatever the reality, it seems likely that many senders are operating under the maximum safe frequency threshold: one option in 2012 might be to experiment with blanket frequency increases for test groups and, if successful, roll out to the wider list.

[18] DMA (2011) DMA/fast.MAP Email Tracking Study
[19] Mark Brownlow (2011) How much email do people really get? The hidden potential in the tranquil inbox. Email Marketing Reports

NATIONAL CLIENT EMAIL REPORT 2012

12. Segmentation practices

Even if generic frequency increases remain an option, there is still much to be gained from those traditional "safe" strategies for increasing email frequency. One way to increase value and thus frequency and response is segmentation. However, the level of segmentation has regressed since 2010.

This is even true of B2C businesses, where the number mailing to over 6 segments has fallen, for example, from 38% in 2010 to 33% in 2011.

This retrenchment may stem from changing perceptions about what segmentation means in email. Previously, an evolving email marketing approach would move from a generic newsletter or promotion to segmentation based on one or more subscriber characteristics (such as customers versus prospects).

Today, some marketers will skip this step and go straight to fully customised emails based around, for example, trigger emails sent individually to subscribers. Each recipient effectively forms their own segment, but this may not be thought of as segmentation in the classic sense.

12.1 On average how many different customer segments do you use to segment your mailings?

29

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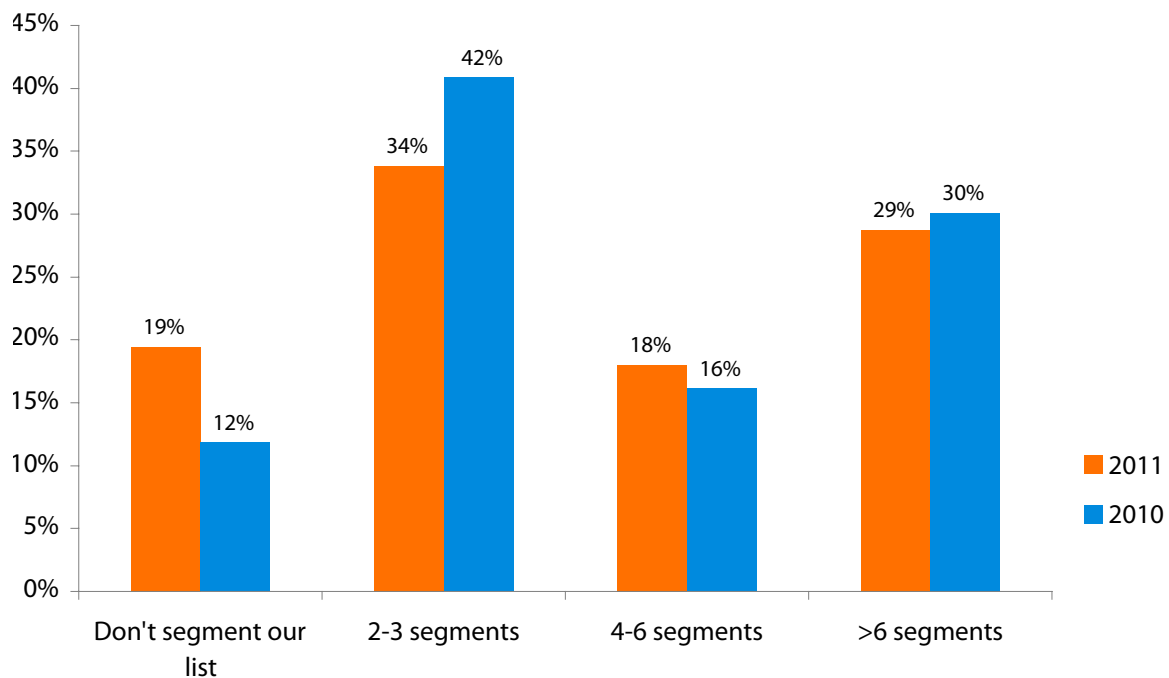
12.2 On average how many different customer segments do you use to segment your mailings? (B2B vs B2C vs Both)
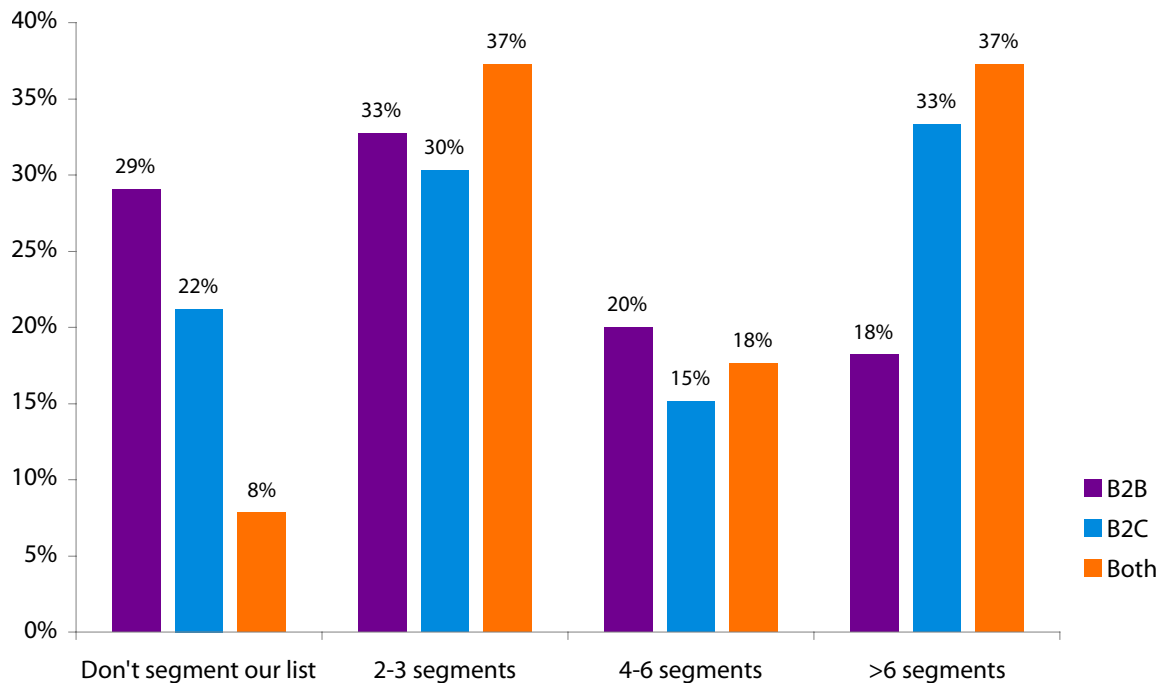
Methodology

The National client email report is an initiative undertaken by the DMA's Email Marketing Council and, more specifically, the Email Benchmarking Hub, to complement the National Email Benchmarking Report which is produced on a half-yearly basis.

This was conducted during September, October and November 2011 via a survey that was hosted online. This was promoted on the DMA home page and via various ESPs who supported the companion report. A link to the survey was also added to some, relevant DMA members' weekly newsletters, social networks and websites. Therefore, both DMA members and non-members were surveyed, and a good cross section of company types and sizes covering a range of geographic locations were reached. The data was collated and analysed by the DMA's research department and sent to the report writer. The analysis was checked through for any discrepancies and the report proof read by the members of the Email Benchmarking Hub. The report was designed in-house by the DMA's design team.

The survey consisted of both qualitative and quantitative question types in order to get valuable information that would be useful to both client companies using email marketing and providers of email marketing related products and services. The questions were reviewed for 2011 to ensure they were up-to-date and reflected the current market scenario. There was a good response to the survey with 143 respondents.

There was a good mixture of both B2B and B2C respondents surveyed, with slightly higher number of B2B organisations or those that serve both B2B and B2C. The respondent sample therefore provides a good representation of the industry.

Glossary of terms

Definitions were provided to participants to decrease the risk of different ESPs providing responses based on a differing understanding. For the purposes of this piece of research the following definitions are used throughout.

Acquisition: Any activity where the reason for sending the email is to acquire a new customer. This includes any list rental from cold or prospect lists, and list trades or swaps with partners or affiliates. Does not include emails sent to existing customers where trying to up-sell or cross-sell.

Average: Unless otherwise stated, this refers to the mean.

Hard bounce rate: Where the recipient does not see the email due to invalid email addresses, domain failure, ISP blocked etc.

Average hard bounce rate: The number of hard bounces divided by the number of emails delivered (in %).

Soft bounce: Where the email address is valid but the recipient does not see the email because of a temporary delivery problem, inbox full, server down etc.

Average soft bounce rate: The number of soft bounces divided by the number of emails delivered (in %).

Average total click-through rate: Number of total clicks divided by number of emails delivered (in %).

Average unique click-through rate: Number of individuals who have clicked through divided by number of emails delivered (in %).

Deliverability: Volume of emails sent less the number of bounces received.

Dynamic content: Content that is chosen by the system when the email is being created based on the recipient's attributes stored in the database.

Error codes rolled up across campaign (transmission): Counts of individual error codes aggregated at the campaign level.

Error codes rolled up across domain: Counts of individual error codes aggregated at the domain level over a period of time or a number of campaigns.

Individual error codes: SMTP codes returned when emails are rejected.

Mean: The total of n figures divided by n. This is typically referred to as the average. For example, if the data is 2, 1, 1, 3, 8; the mean is $(2+1+1+3+8)/5 = 3$.

Average unique open rate: Unique opens divided by number of emails delivered (in %).

Opt-out: When a recipient unsubscribes or opts-out of further communications.

Response rate: The number of actual responses made as a result of the email campaign, expressed as a percentage of the overall total email volumes and irrespective of take-up.

About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 16 DMA Councils cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit www.dma.org.uk regularly to keep up to date with all our services.

About Alchemy Worx

Established in 2001, Alchemy Worx is the world's largest email marketing agency. With over 70 employees and offices in London and Atlanta, it uses hyper-specialization techniques to deliver both simple and highly complex life-cycle based email programmes faster and more cost effectively.

Alchemy Worx provides strategy, design, content, testing, inbox placement and detailed post campaign analysis to many big-name Brands; including Sony, Skype, Getty Images and Hilton Hotels.

Learn more about our hyper-specialized team here. You can also find techniques that generate real value for your email marketing programs by subscribing to Email Worx here and following us on Twitter.

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100% **Email** Marketing

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