



Sponsored by



National client email report

February 2014



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Introduction

“Email is about to grab the headlines again!” That’s my gut feeling as I finish reading this year’s completed *National client email report 2014*. Why do I feel like that? Well, there are some significant headline figures for email to shout about. First, the estimated average return from email marketing has increased by 16% since 2012 (£21.48 to £24.93 per £1 spent). Second, email continues to contribute 30% of all digital revenues. Third, over half of the respondents (56%) expect their company’s expenditure on email marketing to increase in 2014.

But here’s the thing; what if it should be the marketers rather than the email channel grabbing the headlines? If we look at the factors that appear to have affected the improved return on investment they point to marketers doing a better job. For example, 39% of email revenue now comes from targeted emails sent to specific segments (this equated for 30% of email revenue in 2012). There has also been a shift towards integrating email with other channels to drive improved ROI. For example, the use of ‘direct mail’ as an integrated marketing tactic has increased this year (from 32% in 2012 to 45% in 2013). So let me just take a second to say well done, your hard work is driving better results.

However, before we all sit back and rest on our laurels there are a couple of causes for concern in this year’s report.

The number one constraint to success remains a lack of internal resource (45% of respondents cited this), which is then compounded when you see that one in 10 respondents are spending 80% or more of their marketing time on email marketing in an average month. Perhaps one of the trends we will see in 2014 is a move towards further automated email campaigns to allow the marketer to focus on ‘marketing’ rather than ‘deployment’ and a shift towards outsourcing further tasks to a specialist agency or ESP?

As I’m chair of the DMA Email Marketing Council’s benchmarking hub, I’d like to thank everyone who made this report possible.

First and foremost, I’d 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.

Second, 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, Joe Hunter (ExactTarget), Fiona Robson (RocketSeed), Anthony Wilkey (Smartfocus), Phil Singh (Epsilon), Marcus Geary (eBay Enterprise Marketing Solutions), Peter Swanston (OTT Pictures), Rob Hazleton (Concep), Phil Storey (Lyris) and Lynn Hewitt of (Business Bound). The DMA’s 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’re now reading.

Further thanks are due to the report’s author, Melanie Cohen. Final thanks should be saved for the report’s sponsors: Alchemy Worx.

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Sponsor's perspective

The latest edition of the *National client email report* highlights that email has continued its upward trajectory, with impressive ROI for businesses and clients optimistic about budgets for 2014. However, this optimism is on the back of reported increases in targeting, which ignores the two elephants in the room that need to be addressed if marketers want to continue to drive revenue from email.

First, the success of any email campaign that focuses on increased segmentation and targeting requires more resource. At the same time the report highlights that the largest barrier to this growth is internal resource availability, with additional reservations about the levels of email marketing expertise available.

Second, the increase in segmentation seems to have gone hand in hand with a reduction in send frequency, which means less opportunity for engagement and, ultimately, less revenue generated by email. It is no secret that an effective email programme is built on providing true value to subscribers, but this must also be underpinned by continued customer contact, rather than the slight decrease that was seen over the last year.

The report also found that around 75% of email marketing campaigns are run in-house, but with this internal resource already stretched we expect to see more brands looking to outsource in order to get the additional resource they will need. Bringing in outside help offers businesses the benefit of extra resource, but from experience email specialists that can offer a flexible and scalable addition to the in-house marketing team. This expertise can also support marketing departments in diversifying their programmes to include a broad range of message types, thus allowing them to be more targeted while maintaining regular contact with subscribers and continuing to deliver the excellent ROI figures we've seen over recent years. Both budgets and senior buy-in were reported as significantly less of a barrier than previous years, thus further paving the way for more outsourced models.

The key takeaway from the year's report is that email has become the cornerstone of any successful marketing department's strategy, whether B2B or B2C. But to continue to generate the 18% of overall business revenue seen this year, marketers must not allow increased targeting or a lack of internal resource to reduce the frequency with which they are contacting customers.

Dela Quist
CEO, Alchemy Worx

Executive summary

The considered value of email marketing remained high over the course of 2013; however there has been a decline in the proportion rating it as strategically important or very important to their business.

- There has been a marked decline in the prioritisation of email marketing among those in the B2B market
- Overall satisfaction levels with email programmes have plateaued with an increase in those saying that they are neither satisfied nor dissatisfied, potentially reflecting some level of email fatigue since an upbeat 2012

Budget allocations during 2013 have remained steadfast, across both B2C and B2B business streams.

- Nearly two in five are spending 30%+ plus of their marketing budgets on email
- Over half of all respondents anticipate their company's spend on email to increase during 2014, unsurprisingly there is a more positive outlook among those in B2C specialisms
- As seen in 2012, nearly two-thirds of marketers are able to calculate their own email revenues
- Positively, the estimated average return from email marketing has increased since 2012 (£21.48 to £24.93 per £1 spent) – the ROI is perceived to be higher across B2C marketing (£30.52)
- Revenues are being driven increasingly by more targeted and focused email marketing campaigns than ever before
- For over a third, digital business equates to 60%+ of the total business revenue; email marketing has equated to approximately a third of this digital business and therefore 18% of overall business revenues

The business objectives for email marketing campaigns has shifted slightly over the course of the year.

- We are seeing 'engagement' and 'building brand awareness' having a greater impact
- There have been some fluctuations in the use of email techniques over the last year, while newsletters remain the most popular approach, we have seen the emergence of both customer surveys and thank you messaging
- Content and conversion rates continue to be the most important factors in helping to achieve business goals, albeit at lower levels of importance than seen in 2012

Email marketing strategies have become more focused.

- Given that revenues are being driven by more targeted campaigns, it is unsurprising that contact strategies are focused on defining the audience type and message type this year
- Furthermore, there has been an upturn in the proportion of email marketing specialists who segment and tailor their mailing lists, with a greater number segmenting into more than six different audiences
- There has been a decline in the frequency of contact made with individual addresses over the course of a typical month, they are now contacted 3.4 times a month compared to 4.1 times during 2012
- Marketers continue to turn to industry newsletters, blogs and webinars as sources of intelligence on email marketing although in smaller numbers, while there has been a notable increase in those who are self-taught

Metrics suggest that email marketing has settled and calmed after a buoyant 2012, rather than continuing on an upward trajectory.

- The majority claim that click and conversion rates have stayed the same over the course of 2013
- There has been a slight downturn in the levels of those who expect open, click and conversion rates to increase over the following year

The B2C market is significantly more sophisticated and competent than the B2B marketplace.

- A greater proportion of B2C marketing professionals have advanced skills in email testing
- Those in B2C marketing are much more likely to describe themselves as advanced and therefore able to take advantage of modern tools and tactics when managing their email strategies compared to those in B2B marketing
- There has been an increase in B2C streams operating their email programmes in-house, whereas B2B are increasingly outsourcing it

Social network use has continued to grow among all consumers, consequently it is unsurprising that social media has had an impact on many aspects of email strategies and outcomes during 2013.

- Social media is perceived to have helped forge the acquisition of new email addresses and has influenced ROI
- A third of all respondents referred to social media as an effective technique to drive email lists

1. Perception of email marketing

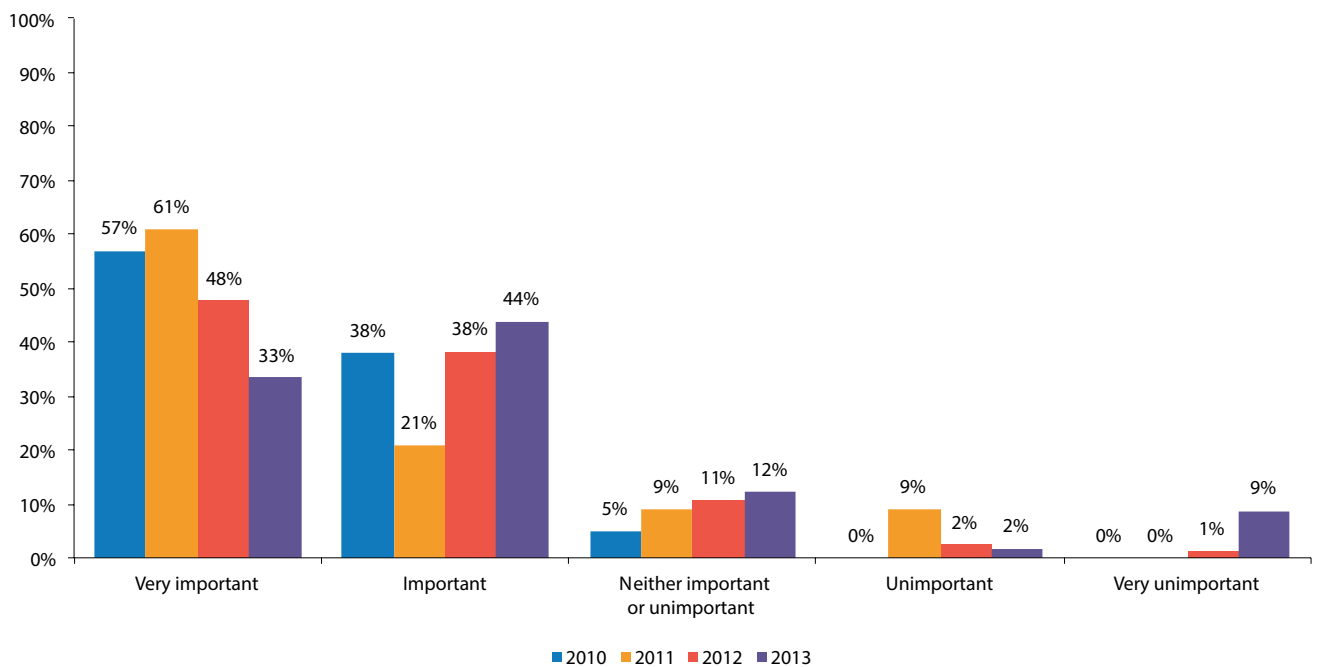
1.1 Importance of email marketing

The strategic importance of email remained high in 2013, with three-quarters (76%) of respondents declaring email as 'important' or 'very important' to their business. However, despite the continuing strength of email's status, there has been a decline in the proportion describing email marketing as important to their business since 2012 (where nearly nine in 10 (89%) stated that email was 'very/important' to their business). Furthermore, the proportion of those who describe email as 'very important' to their business (29%) is at the lowest level recorded over the last four years.

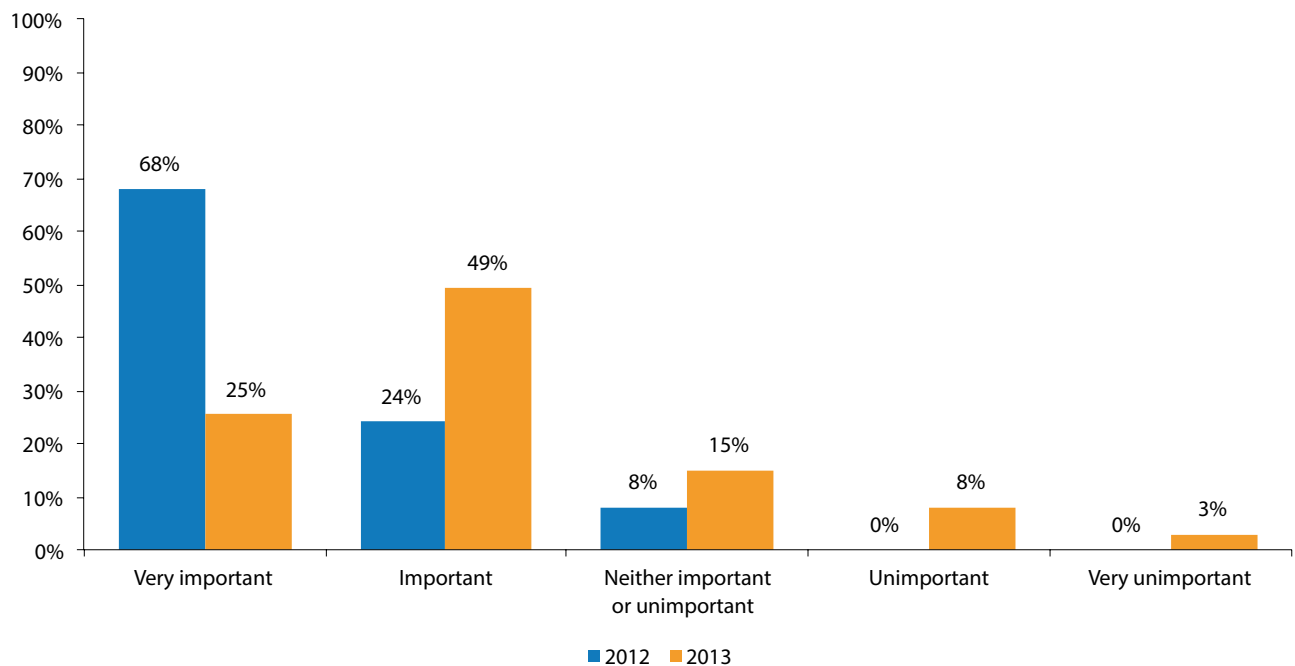
Year	percentage saying very important	percentage saying important	percentage aggregate saying very/important
2013	29	47	76
2012	57	32	89
2011	55	36	91
2010	48	41	89

How important is email marketing within your business strategically?

B2C



This downward trend in the prioritisation of email marketing is more prevalent within the B2B market, which raises questions about whether newer marketing channels have begun to erode email's strategic importance.

B2B

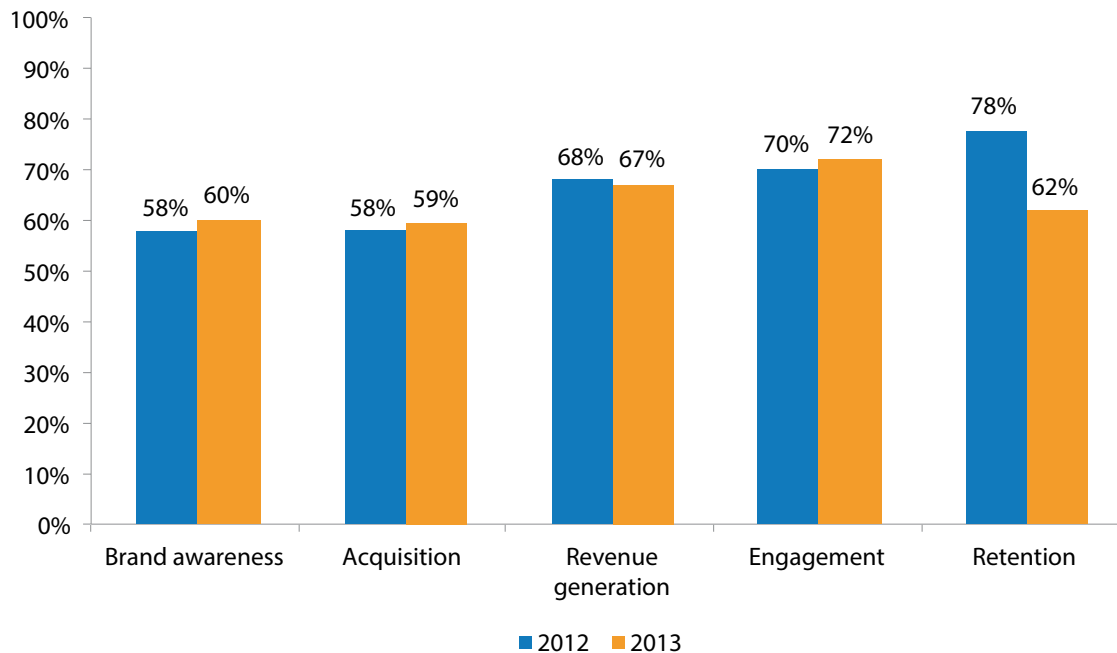
1.2 Business objectives for email marketing programmes

Email is perhaps the most established channel in the digital marketing mix and yet it is constantly evolving. When used correctly, it is an instrument of precision that marketers can use to target customers in a way that is proven to deliver high levels of engagement and conversion, while maximising returns on marketing investment.

The focus of email marketing campaigns has shifted slightly in the last year with a clearer focus on 'engagement' and 'building brand awareness' over the course of the year. 'Engagement' is now the driving force behind email marketing programmes which could align with the development of social media and the consequent focus on dialogue and intercommunication with consumers. This is borne out by this rise in the impact that social media has had on both the acquisition of new email addresses to build lists but also as an effective means to help drive ROI during 2013. Furthermore, we have ascertained (see charting on revenues driven by email types at 3.3) that marketing professionals are now more focused than ever before on targeted marketing approaches which aim to engage subscribers through the use of personalised campaigns.

This increased focus on 'engagement' has been mirrored by a decline in the prioritisation of 'retention' since 2012, significant across both the B2C and B2B markets.

What is the purpose of your email marketing programmes? What business goals does it help you achieve?
Please select all that apply.



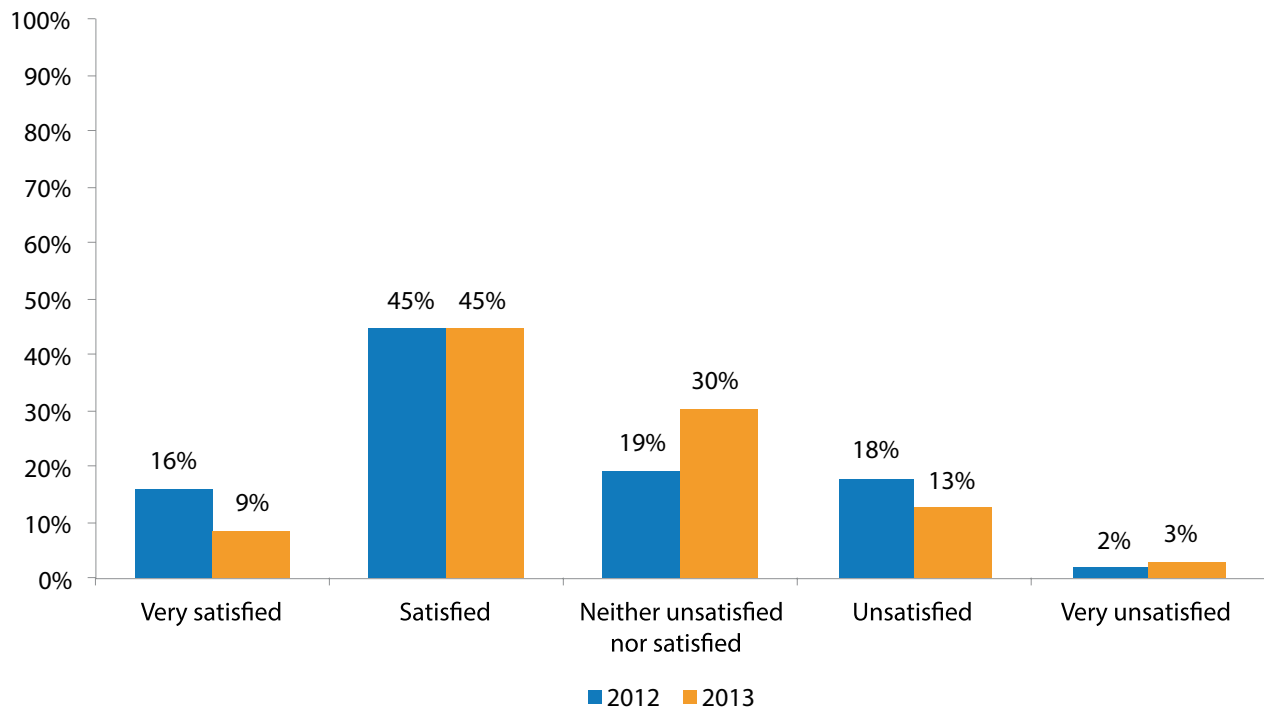
1.3 Satisfaction with email programmes

There has been a significant rise in levels of inertia towards email programmes since 2012, whereby there has been a substantial upswing in those who are neither satisfied nor unsatisfied with their email marketing programmes. This could potentially be underpinned by various rationales, including:

1. Other alternative marketing approaches are beginning to encroach on the impact of email strategies.
2. Both marketers and consumers are beginning to suffer from some level of email fatigue.
3. The market is steadying after a buoyant and confident 2012.
4. There has been a realisation of the potential positive impact that email marketing can have over the course of the year and hence marketers are no longer satisfied with what they perceive to be mediocre or average email programmes.

In 2012, the majority (61%) of respondents were either 'satisfied' or 'very satisfied' however at total level in 2013 the proportion of those who were 'very satisfied' almost halved (16% to 9%). This was particularly prevalent within the B2B market, with a decline in those who claimed to be 'very satisfied' dropping from 25% in 2012 to 3% in 2013. It will be interesting to see whether satisfaction levels will remain constant over the course of 2014, or whether there will be a further decline.

How satisfied are you with your email marketing programme in relation to meeting your marketing goals?



1.4 Performance of different types of email message

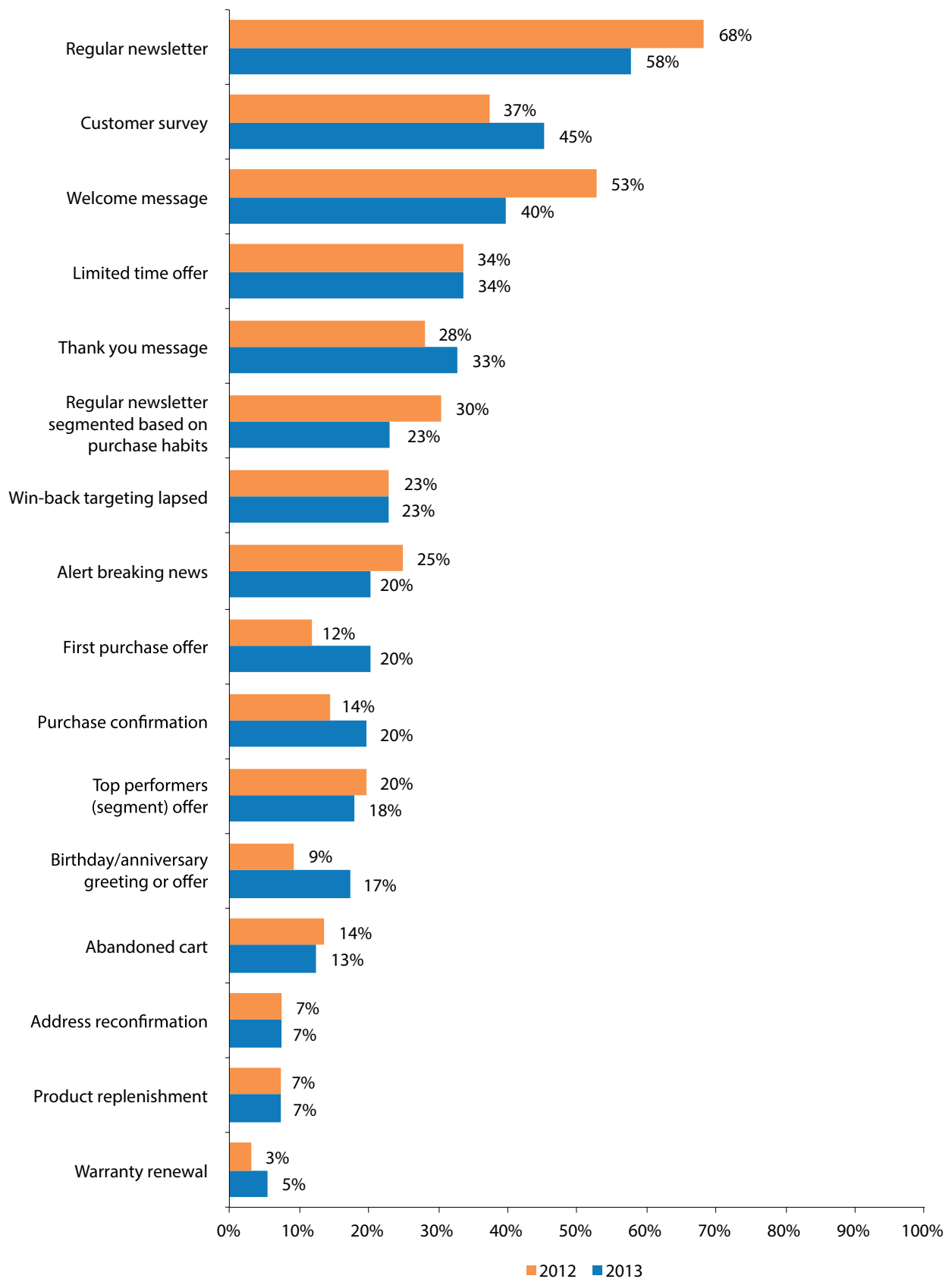
While marketers continue to use a wide range of advanced email approaches, there have been some changes over the course of the year. Regular newsletters remain the most prevalent type of email messaging overall; however there has been an overall decline in its popularity since 2012. The waning usage of regular newsletters has been driven by B2B marketers only, in 2012 three-quarters (75%) were utilising this type of email messaging. However this dropped to just over half (54%) in 2013. In contrast, levels among B2C marketers have remained steady (at 63% during both 2012 and 2013), consistent also with usage of newsletters among email marketers in the US (66%).¹

While newsletters are the most widespread use of email messaging overall, there has been continual growth in the use of both customer surveys and thank you messaging since 2011. Welcome messages are easily created using any professional ESP or email marketing software and it looks like marketing specialists are beginning to take advantage of these tools. It would appear that more automated triggered messaging types, such as confirmations, birthday and thank you messages are providing value and hence it will be intriguing to track the impact of these over 2014.

The use of customer surveys has continued to increase year on year, with a steady increase from 14% in 2011, 37% in 2012 and levelling at 45% over the last year. Potentially, strategists have been utilising free software (such as Survey Monkey; Formstack and other free analytical tools) to run their own customer surveys.

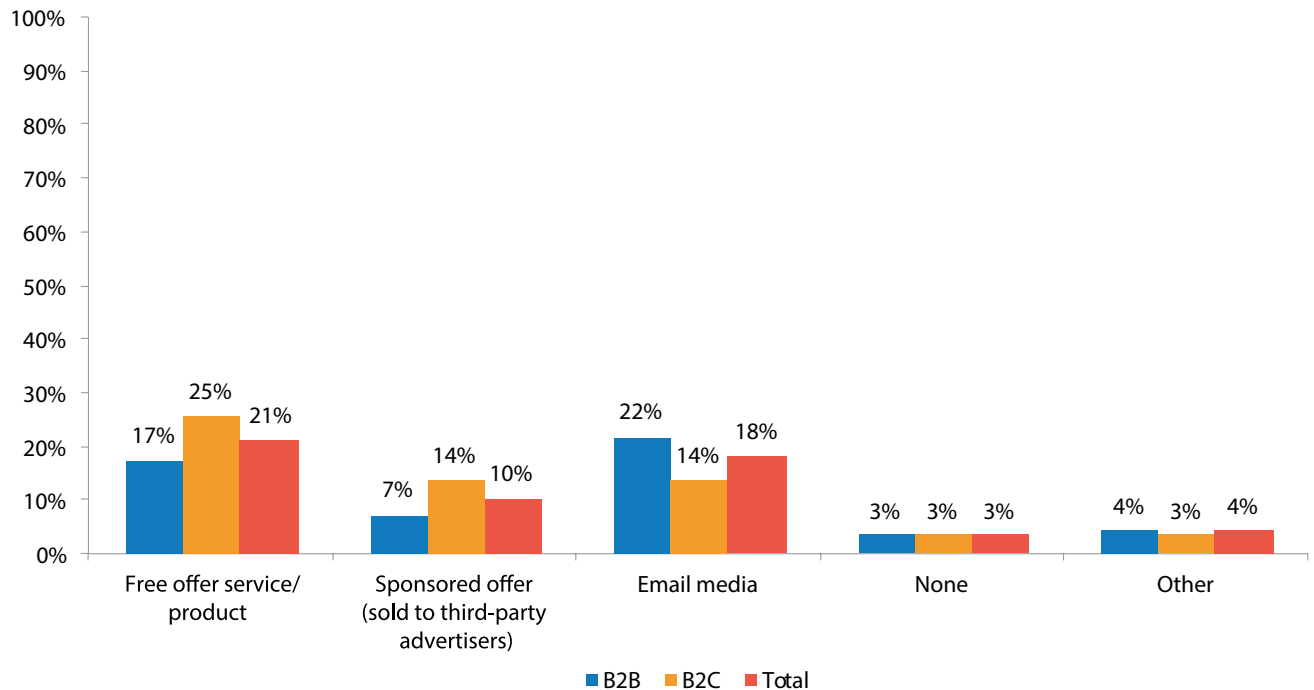
¹ [Exact Target \(2014\) State of Marketing Report](#)

What type of email message helps you to achieve your business goals? Please select all that apply.



In 2013 additional email messaging options were incorporated. Overall one in five (21%) claimed that free offer services/products was a valuable email message, but this was more valuable among those in B2C marketing (25%) than those in B2B (17%). A similar proportion purported the usage of email media (18%), rising slightly in impact among those in B2B marketing (22% vs 14% among those in B2C marketing).

What type of email message helps you to achieve your business goals? Please select all that apply.



2. Email marketing positioning in company

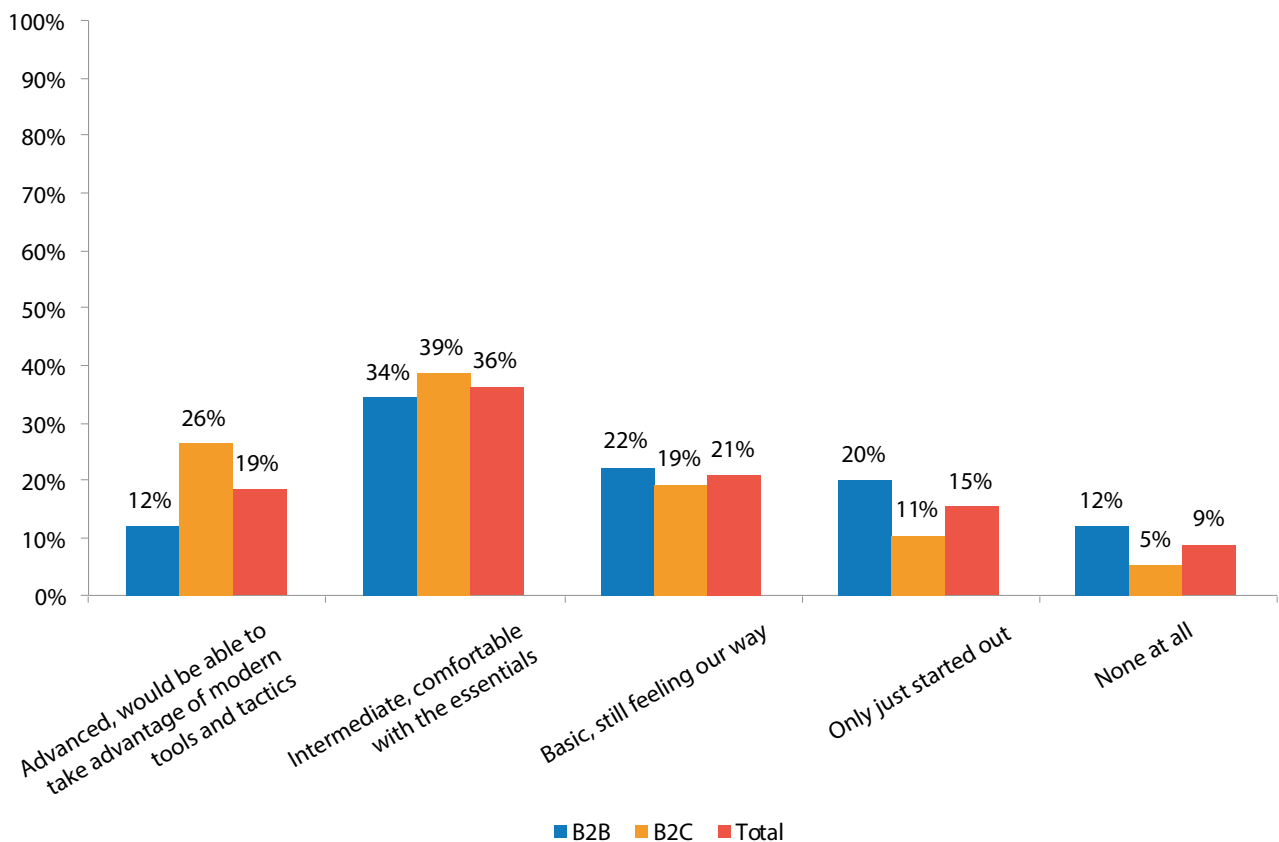
2.1 Competence in email testing

There is a mix of those who perceive themselves to have advanced, intermediate or basic skills among both B2B and B2C to manage their own email testing. There is no historical data as this is a new question for 2013, so it is not possible to track any fluctuations or changes in email testing capabilities. Just over a third (36%) overall describe themselves as comfortable with the essentials (intermediate); one in five (21%) are just feeling their way (basic) and almost one in five (19%) describe themselves as advanced and feel that they could take advantage of modern tools and tactics.

A greater proportion of those operating in B2C have advanced skills (26%) compared with those in B2B marketing (12%). This difference of competence in email testing between those in B2B vs those in B2C marketing could reflect the fact that smaller audiences are utilised in B2B markets and therefore testing methodology becomes harder while simultaneously less critical.

A quarter (24%) have no skills at all to enable them to manage their own email testing (with 15% claiming to have just started out and 9% stating that they have no skills at all). We would expect to see some progression up this learning curve over the course of 2014, however with the levels of inertia evident towards email marketing more generally (as seen at 1.3) there may be minimal motivation to become more competent.

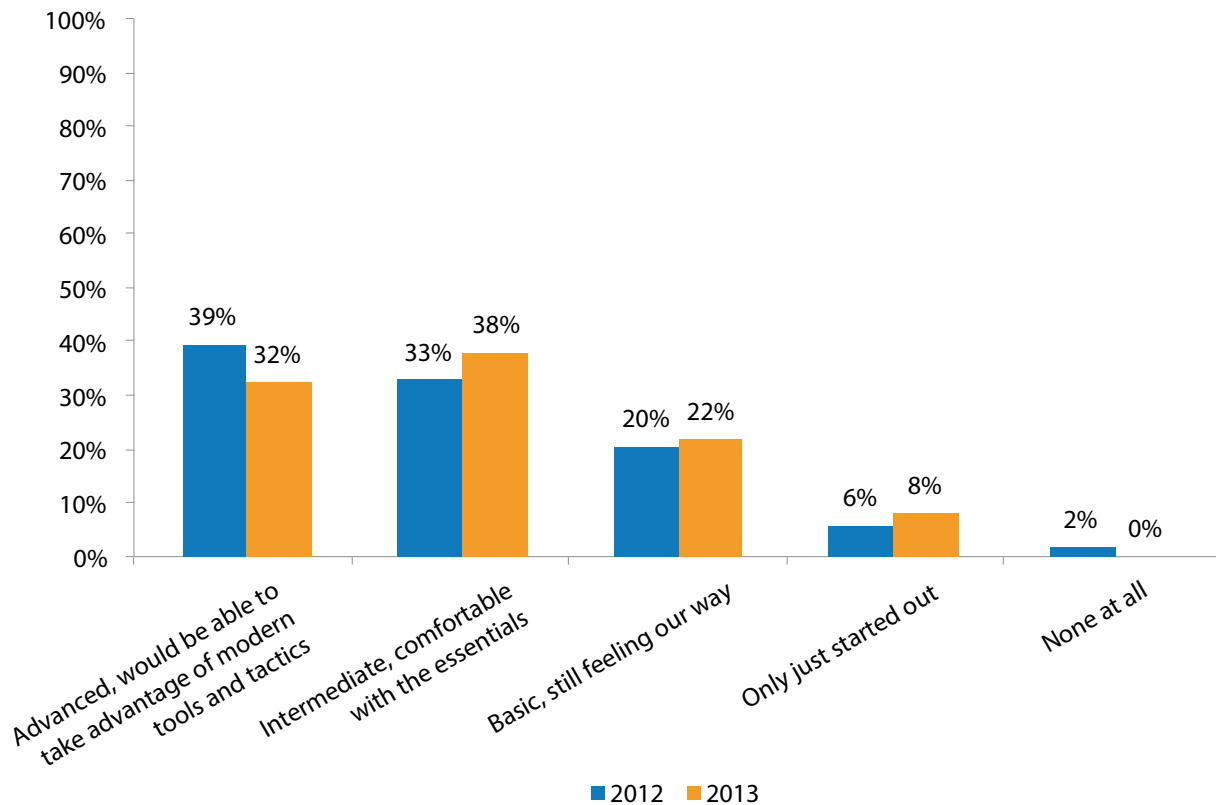
How would you rate your company's overall level of competence in email testing?



2.2 Competence in email marketing

There continues to be a mix of those who perceive themselves to have advanced, intermediate or basic competence in terms of managing their email marketing. On first glance, it looks like there has been a downgrading in the skill set of *all* marketers with only 32% now describing themselves as ‘advanced’ compared with 39% in 2012. However, these overall figures are largely driven by a shift in the B2B market whereby the level of competence has nose dived significantly (43% to 25% respectively). This ‘dumbing down’ could potentially reflect either a lack of skills or alternatively the possibility that these professionals have realised that email marketing is more complex and multifaceted than they initially thought it would be. Meanwhile, the experience of those in B2C markets has remained static, albeit with a slight increase in those describing themselves as ‘advanced’ (40%), compared with 36% in 2012.

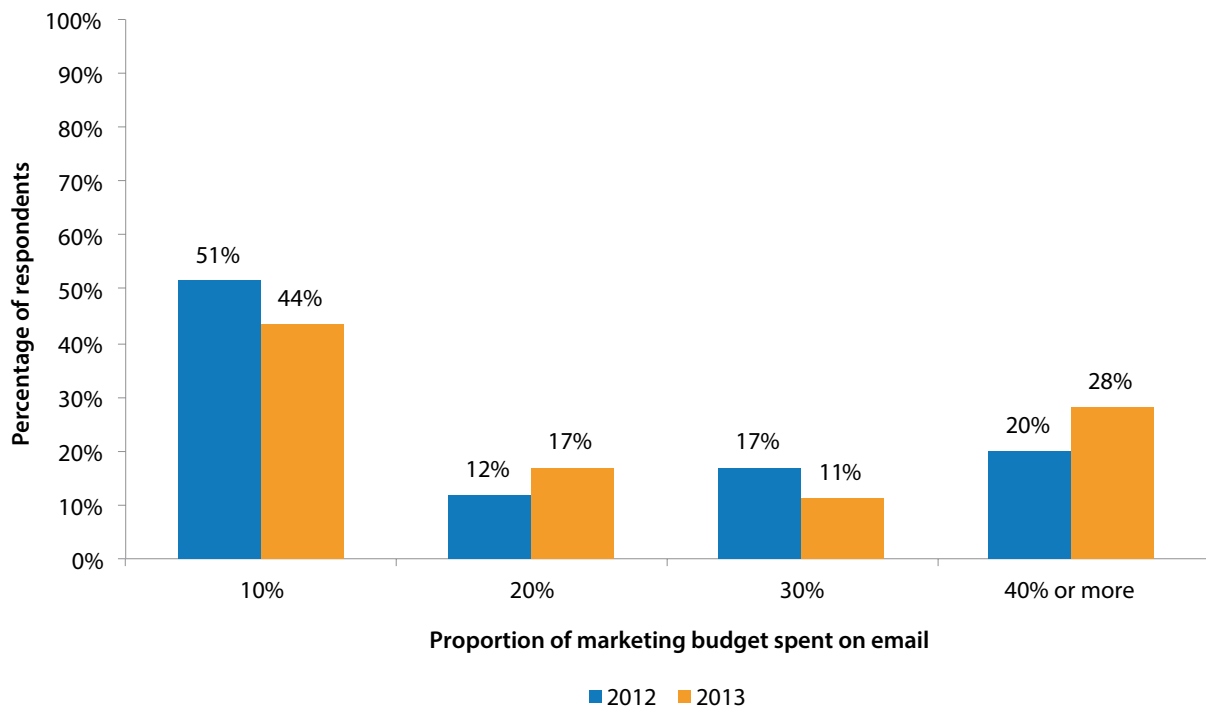
How would you rate your company’s overall level of competence in email marketing?



2.3 Budgeting allocation

When asked about future budget changes, over half (56%) of those who participated in the *National client email survey* in 2012 said they expected increases. However, budget allocations have remained steady and consistent with 2012, with nearly two in five spending 30%+ of their marketing budget on email in 2012 (37%) and 2013 (39%) – this is consistent within both the B2C and B2B markets. Given that economic instability and uncertain budgets have continued throughout 2013, it is not clear if an increased percentage allocation translates into more actual money, since this also depends on whether the overall budgets were growing or shrinking.

What proportion of your marketing budget is spent on email?



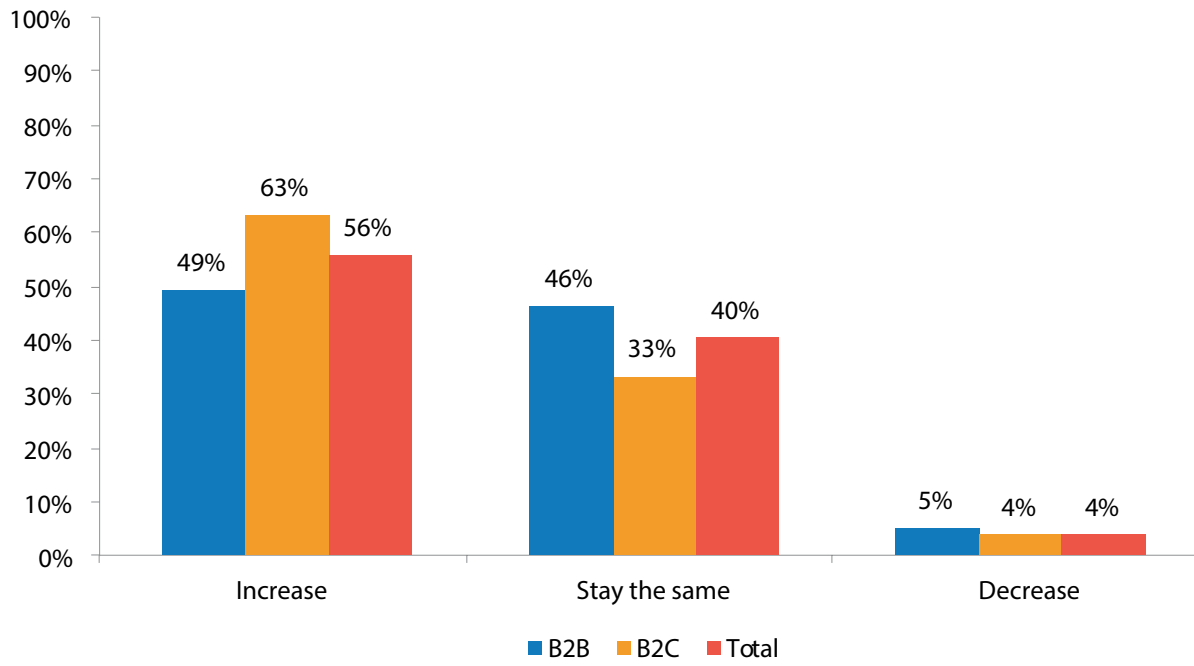
2.4 Budget projections

Over half of respondents (56%) expect their company’s expenditure on email marketing to increase in 2014. This has remained consistent with those who anticipated budget growth over the course of the last year. This is also in line projections measured in the US whereby similar proportions (58%) anticipate an increase in their company’s expenditure on email during 2014.² Considering the negative narrative described earlier in this report (Section 1), it is surprising that budgets are expected to increase. This could potentially reflect the fact that more resource is required to manage email marketing effectively or that the stakeholders managing budgets are more optimistic than our respondents.

While a small minority expect their budget to decline (4%), two in five (40%) expect it to remain unchanged (39% shared similar budget projections during 2012).

Those specialising in B2C marketing are more optimistic than B2B marketers, not unsurprising given that they have displayed greater capabilities in terms of both email marketing and email testing than the B2B contemporaries. Nearly two-thirds (63%) of those in B2C marketing anticipate an increase in their company’s spend on email, which is also an increase on 2012 (whereby 56% predicted an increase in spend). However, just under half (49%) of those in B2B marketing envisage a rise in expenditure on email marketing during 2014.

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



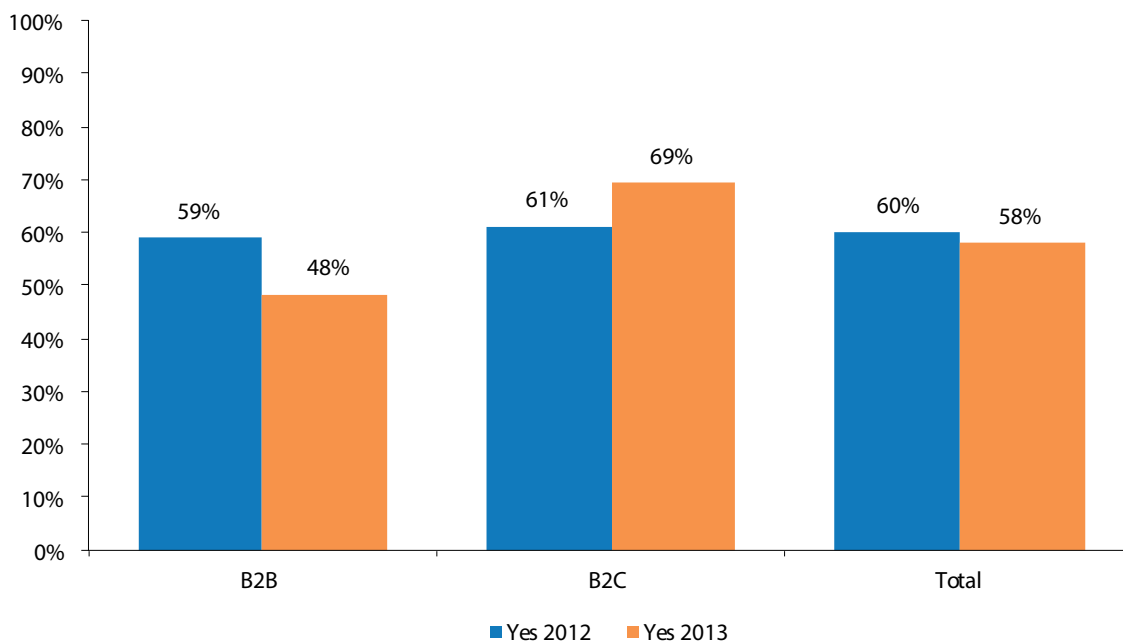
3. Business revenue generated by email marketing

3.1 Ability to calculate email revenues

An understanding of email returns is indispensable for accurate evaluation and planning of email campaigns and strategies. A first step in this process is the ability to calculate the revenue generated by email marketing activities. Nearly two in three (58%) respondents said they were able to compute their email revenues, representing barely any change from 2012 and 2011.

A greater number of B2C strategists have the ability to calculate revenues generated by email marketing activities (69%) than those specialising in B2B (48%), implying that they have more sophisticated evaluation systems in place than those in B2B marketing, potentially because email marketing generates greater revenues in B2C marketing than B2B and hence is perceived to be worth this investment. It is important to note that often B2B specialists have a more complex attribution situation with multiple indirect sales channels and longer sales cycles, and hence this may explain why there are smaller proportions that are able to calculate the revenues from email, while B2C sales cycles are much more simple (via a one click to purchase landing page) and therefore it is potentially easier for B2C to evaluate their revenues.

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



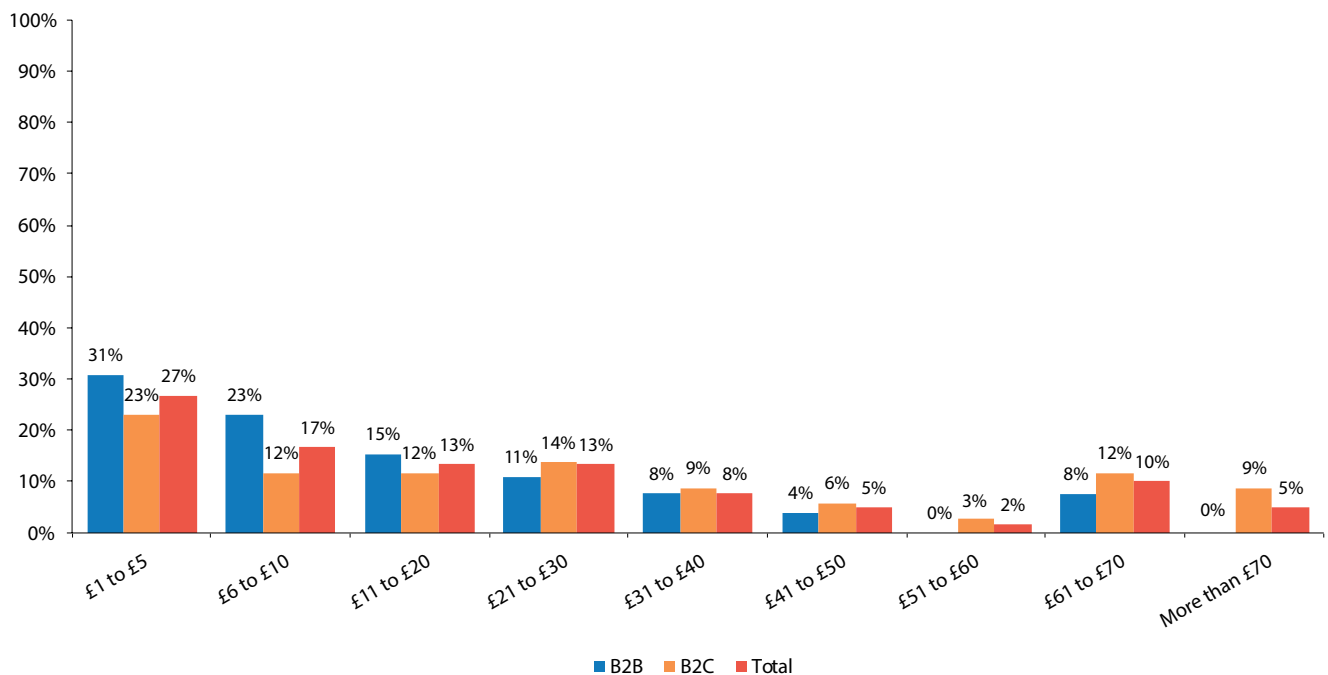
3.2 Approximate ROI

An ability to measure revenue allows marketers to calculate the profits attributable to email and also the ROI, both of which can be used to gain internal approval for email marketing investment and inform the development of effective strategic planning. According to a new report from Monetate³ the provider of ecommerce technology, US retailers sent 22.8% more email marketing messages in the third quarter of 2013 than they did during the same period last year, however the revenue stemming from those emails dropped 17.7% year over year in 2013.

Of those able to report their revenue figures in the survey, just under one in five (17%) are producing £51 or more in returns for each £1 spent on email marketing, a figure that has remained steady since 2012. Based on the assumption that the average return for that top category is £92.50 then we get an estimated average return across all organisations of £24.93 for each £1 spent on email marketing. More positively, this is an increase on the return on investment measured in 2012 of £21.48 for each £1 spent.

The ROI is perceived to be higher among those specialising in the B2C marketplace. Over two-thirds (69%) of those in B2B claim that they get back up to £20 only in every £1 spent on email marketing compared with under half (49%) of those in B2C marketing. A third (33%) of B2C respondents feel that they get back more than £51 of every £1 invested compared with only one in 10 (8%) of those in B2B marketing.

How much is the approximate return you get back for every £1 spent on email marketing?



3.3 Revenues driven by email types

Email marketing has become more focused and purposeful over the course of the year, illustrated by the growth of more targeted marketing campaigns over the last year. Two-fifths (39%) of revenues driven by emails come from targeted emails sent to specific targets, an increase since 2012 (30%) and rising to 43% among those in B2B marketing teams. For some businesses there is the potential to send an email that contains content broadly tailored for recipients of a certain demographic and still see good levels of engagement. But in the future, brands will need to learn from each customer engagement and link transactional data together in a more sophisticated way to have an impact – for example, if a female in her mid-20s buys a coat on your website, a brand should follow up with an email showcasing the scarves and hats that suit the coat she has bought. Some brands, such as Amazon are already doing a great job of this, while others still have a long way to go.⁴

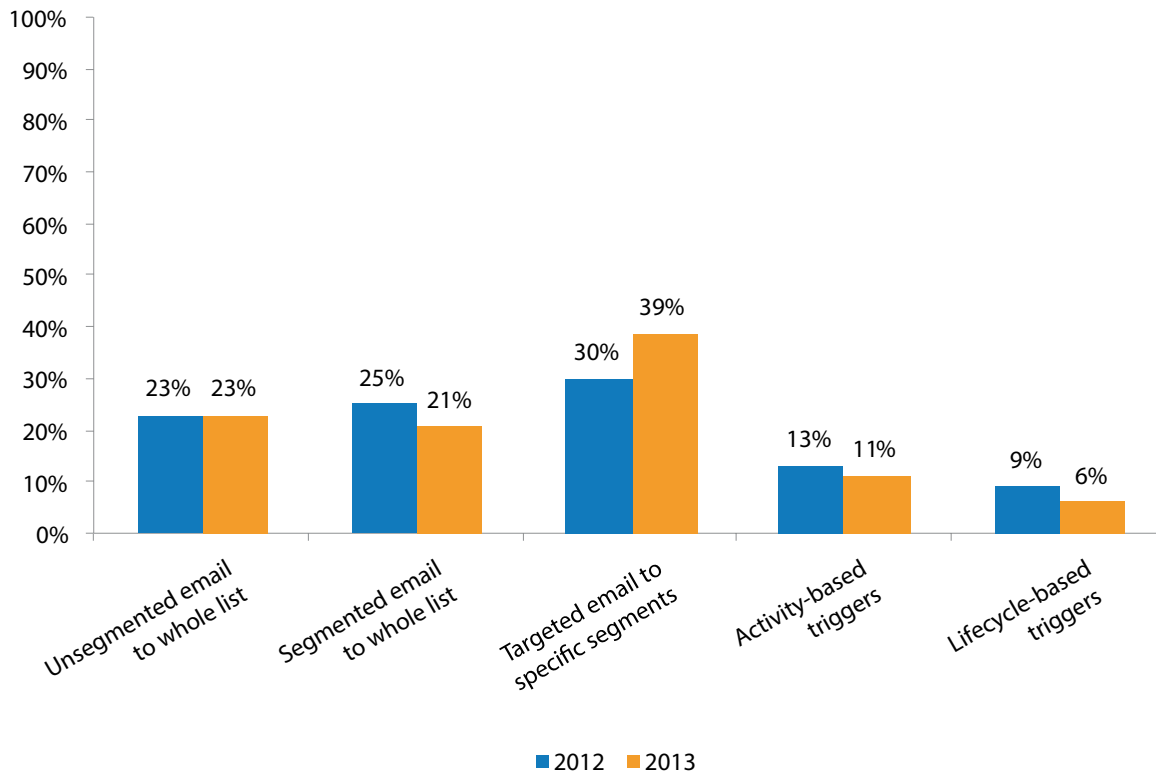
3. Monetate

4. Experian Marketing Services (2013) Digital Trends

Overall, segmented email campaigns accounted for 60% of all email revenue, an increase on 2012 (55%). On this basis, during 2013 over three-quarters (77%) of all email marketing revenue came from more advanced practices than generic broadcast email (23%).

Email revenues in B2C marketing are more likely to be driven by both activity-based triggers (13%) and lifecycle-based triggers (9%) than those in B2B marketing. This is despite the fact that trigger email volumes are typically very small as a proportion of total email volume despite the fact that once a trigger campaign is established the data is easy to manage.

What percentage of your email revenue comes from the following types of emails?



3.4 Email integration impact on ROI

It is compelling to gauge which other channels respondents feel email best integrates with, given the apparent wider appreciation for email’s role in supporting a range of marketing objectives. In terms of ROI, general online marketing is currently the leading marketing tactic, cited by just over half (51%) of marketers, rising to three in five (60%) among B2C specialists. This is followed by social networks (45%), direct mail (45%) and telemarketing (28%). All other channels were cited by no more than 19% of respondents.

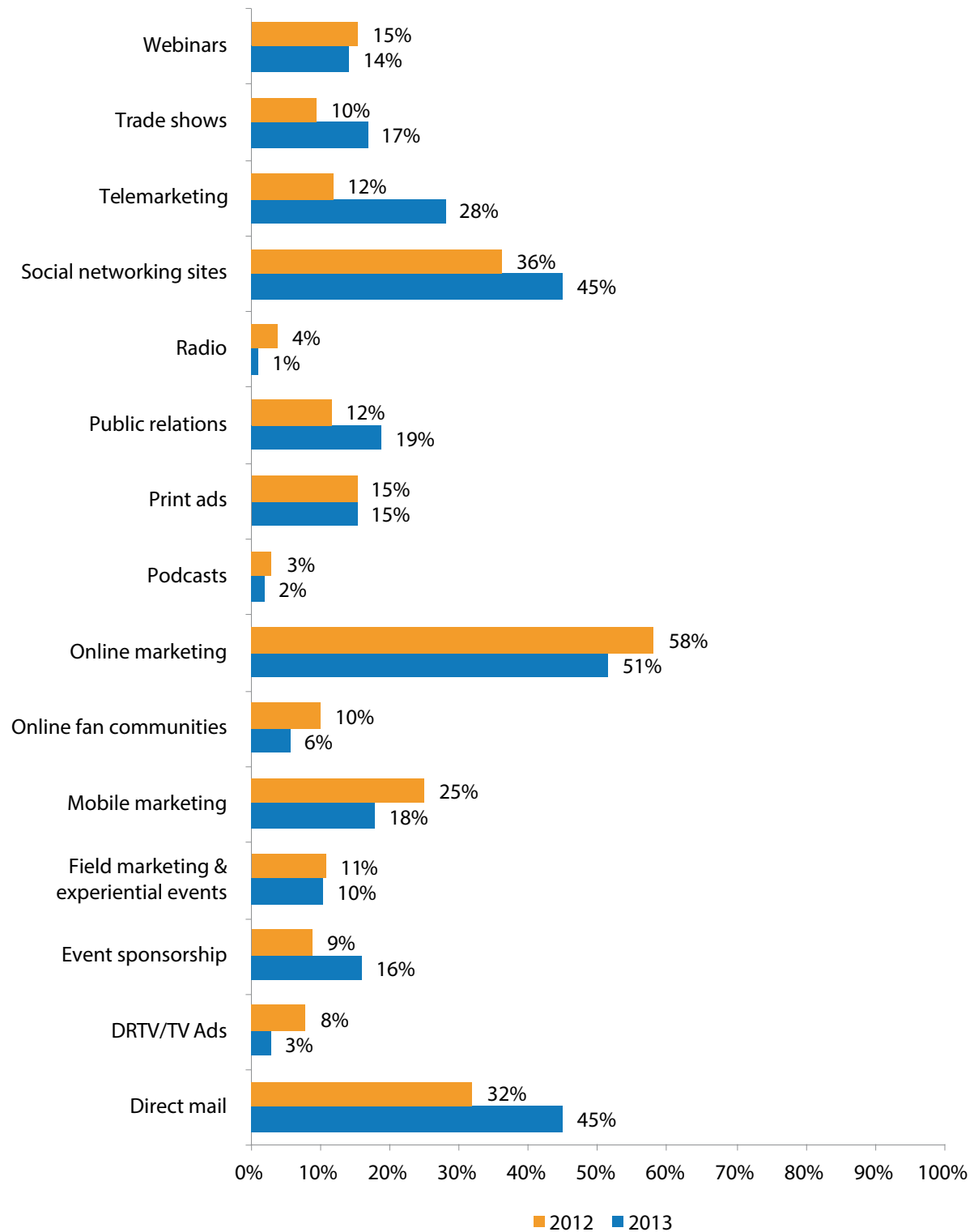
Social media has clearly had an impact during 2013, not only on driving the acquisition of new email addresses to build lists but also as an effective means to help drive ROI. Marketers are demonstrating that they have begun to use social networks to drive their email marketing strategies and the associated revenues forward. Clearly marketing specialists have acknowledged and are taking advantage of the fact that there can be an interdependent relationship between email marketing and social media where one can be used to drive participation in and subscription to the other. Marketing professionals do need to consider that B2C email campaigns that are focused on encouraging social network activity need careful handling to ensure that they are relevant to subscribers and that individual consumers are indeed active social network users.

As cited in the *Email Tracking Report*⁵, social network use continues to grow, with three-quarters (78%) of online consumers active on at least one social website or network. Facebook is dominant among consumers (cited by 65%) and, on this basis, should take precedence in integrated B2C social/email campaigns. However it has less impact in a commercial context and consequently should not be a priority marketing tactic in B2B markets.

⁵ [5. DMA \(2012\) Email Tracking Report](#)

The use of direct mail as an integrated marketing tactic has also increased over the year, rising to 45% in 2013 from 32% during 2012. This has seen growth across both B2B and B2C marketing streams over the last year but has had particular impact during 2013 in the B2B market sector.

Email when integrated with which of the following marketing tactics delivers the best ROI? Please select all that apply.



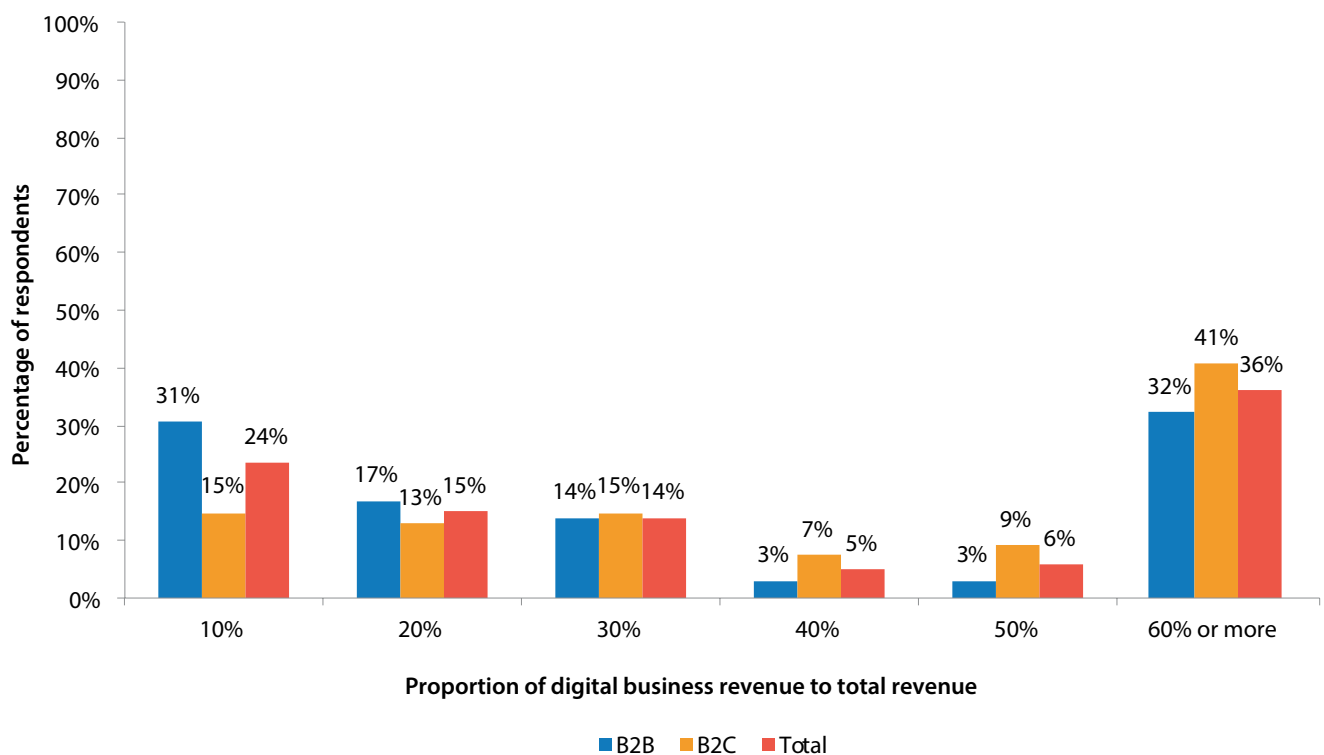
3.5 Digital as a percentage of business revenue

This is a new question for 2013 and hence there is no historical data; it will be intriguing to observe any shifts in the revenues generated by digital business over the forthcoming year. The majority of mid- to senior-level marketing managers across all industries in the US claim that their number one priority for 2014 is to increase sales directly attributable to digital marketing campaigns. Given tightening budgets and the current austere economic environment in the UK the emphasis on revenues is likely to be increasingly significant too.

Currently over a third (36%) of all respondents claim that digital business equates to 60% or more of their total business revenue. Two in five (41%) B2C marketers claim that digital business currently equates to 60% or more of their overall business revenue, higher than in the B2B space (32%).

Similarly, nearly half (48%) of B2B specialists claim that digital contributes approximately 20% or less to their digital business revenue compared with just over a quarter (28%) of those dedicated to B2C marketing.

What percentage of your TOTAL business revenue is DIGITAL business revenue?



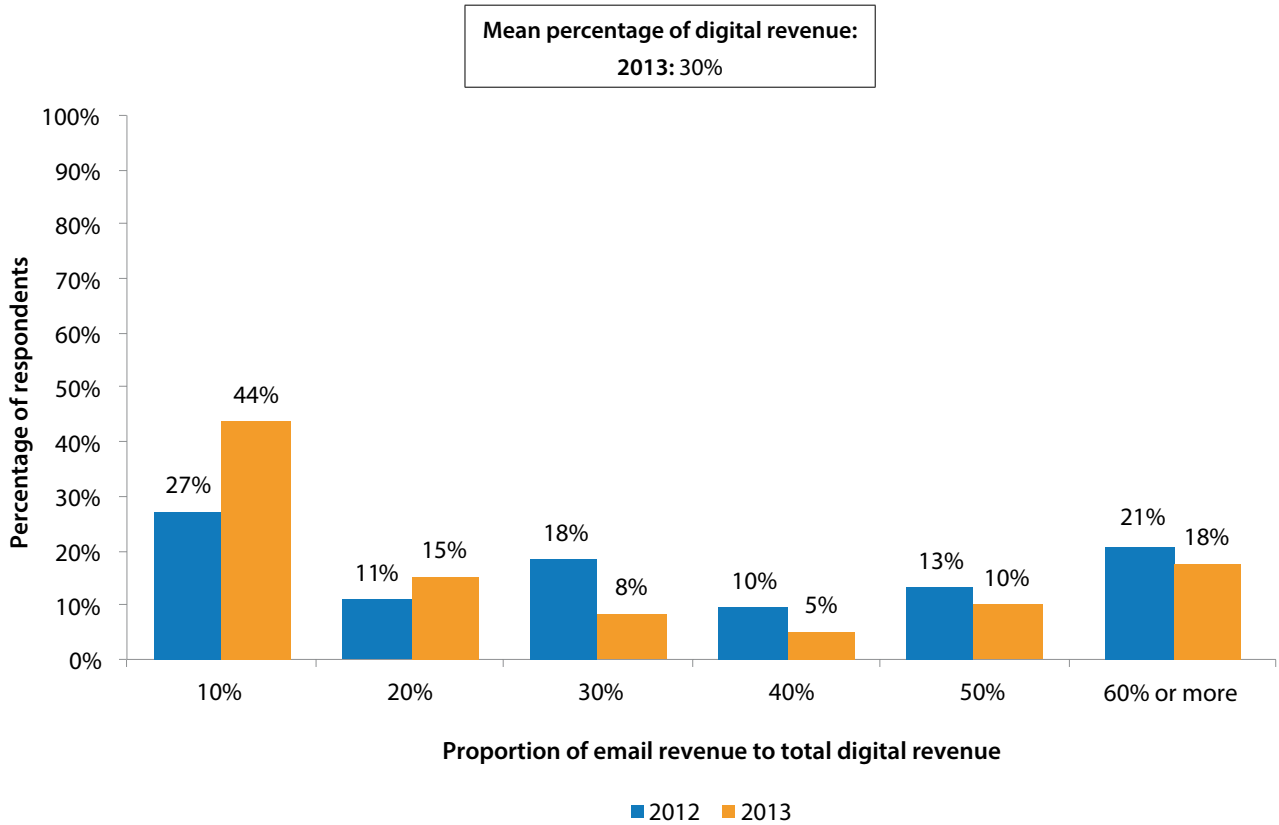
3.6 Email as a percentage of digital revenue

A significant indicator of the value of email is its share of total business revenue. The story told by the following slide reveals that overall there has been a diminution in the value of email in terms of contribution towards digital revenues. On average email has equated to 30% of digital business revenues compared with 36% in 2012.

Based on the previous chart, we can deduce therefore that on average email contributes approximately 18% to overall business revenues.

While the proportion of those who recognise that email has contributed only 10% or less has risen during 2013, more encouragingly a third (28%) of all respondents state that email marketing has had a significant impact on digital revenues with email accounting for at least as much digital business revenue as all other channels combined – this is consistent with figures reported in 2012 (34%).

What does email contribute overall to the business as percentage of DIGITAL business revenue?



4. Impact of email marketing on business goals

4.1 Email marketing helping to achieve business goals

In general, marketers are using a smaller number of advanced email approaches than seen during 2012. Levels of importance, across all of these tactics, have dropped to readings last recorded in 2011. This may be symptomatic of a generic inertia and apathy towards email marketing, as seen at 1.3, or may reflect the halo effect in 2012 from general excitement and buzz around email marketing that has now dissipated to some extent.

Overall, the factors that have been most important over the last year are the 'content' and 'conversion rates', albeit at lower levels than 2012. 'Click rates' have dropped behind levels seen in 2011 (43%) and from pole position (63%) in 2012 to fifth position (25%) in 2013, 'click rates' are only considered to be important among one in seven (17%) B2C specialists, compared with a third (32%) of those in B2B marketing.

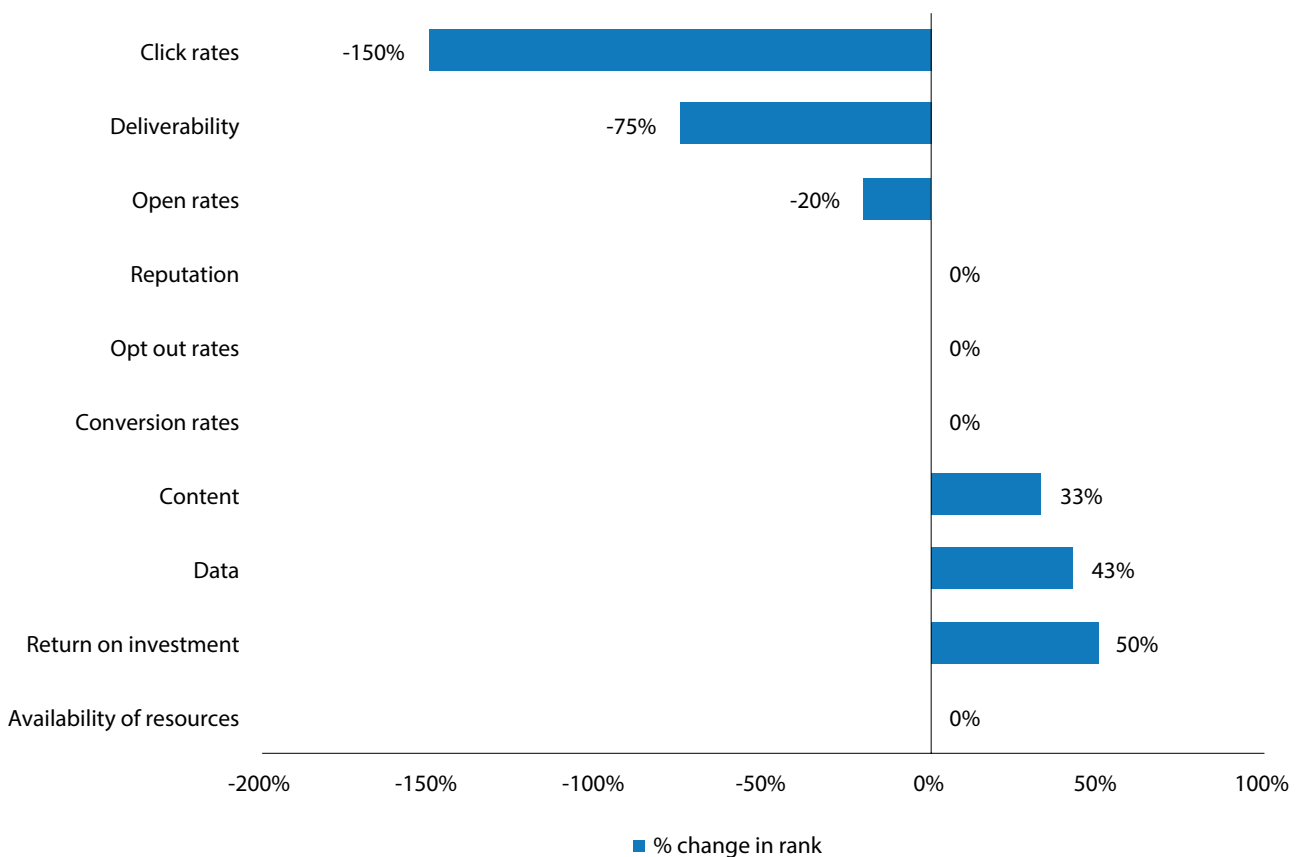
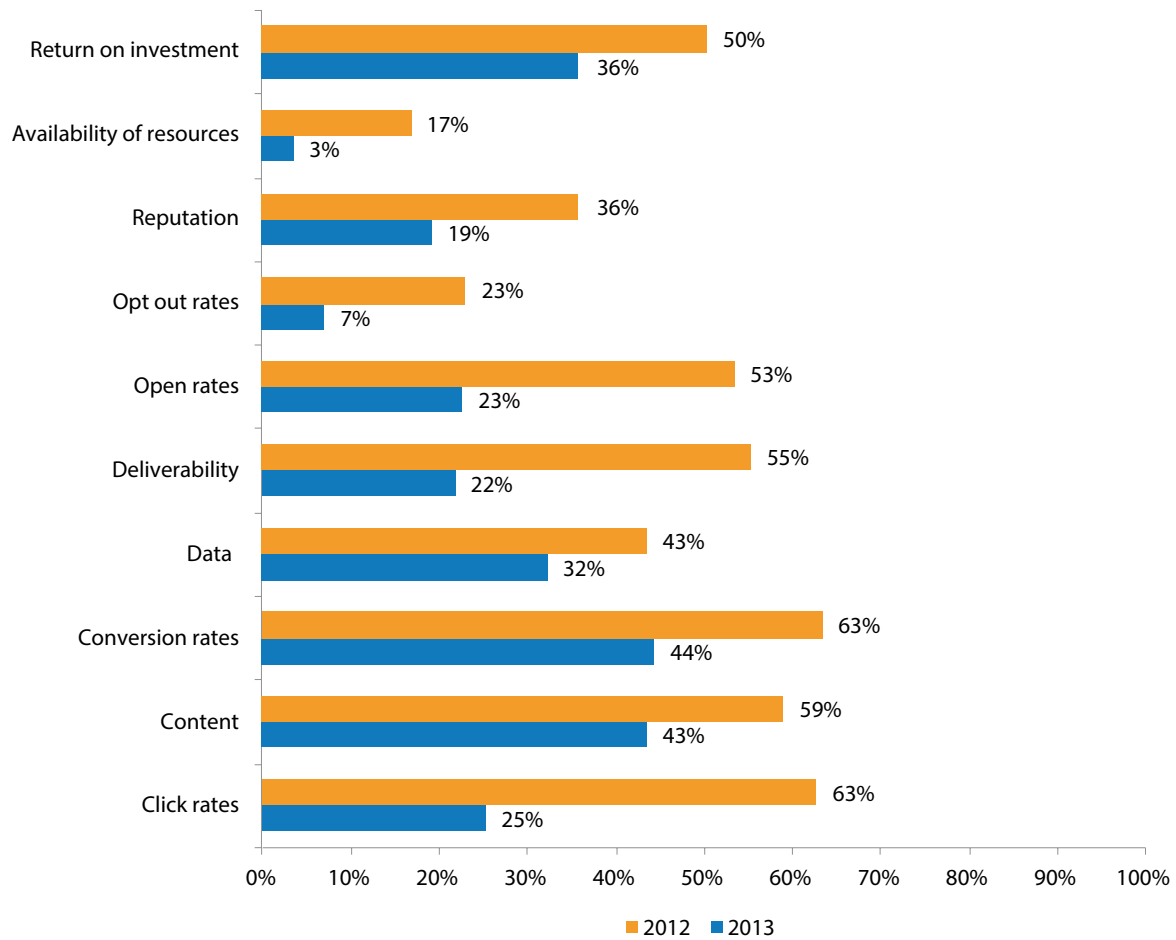
These figures are more favourable than those measured by Sign-Up. To technologies⁶, whereby across all industries the average results for UK SME email marketing campaigns were as follows:

- Open rate: 21.47%
- Click-through rate: 3.16%
- Unsubscription rate: 0.47%
- Click-to-open rate: 14.72%
- Unsubscribe-to-open rate: 2.29%

During 2012, 'return on investment' was ranked sixth in terms of importance and its impact on business goals; in 2013 this has become the third most important factor – potentially underpinned by the pressures of tightening budgets. Despite this, half (50%) of respondents in 2012 considered it to be important compared with just over a third in 2013 (36%).

[6. The Sign-Up.to \(2013\) UK Email Marketing Benchmark Report](#)

Thinking about the following factors, which of them are most important to you in helping you achieve your business goals? Please select all that apply.

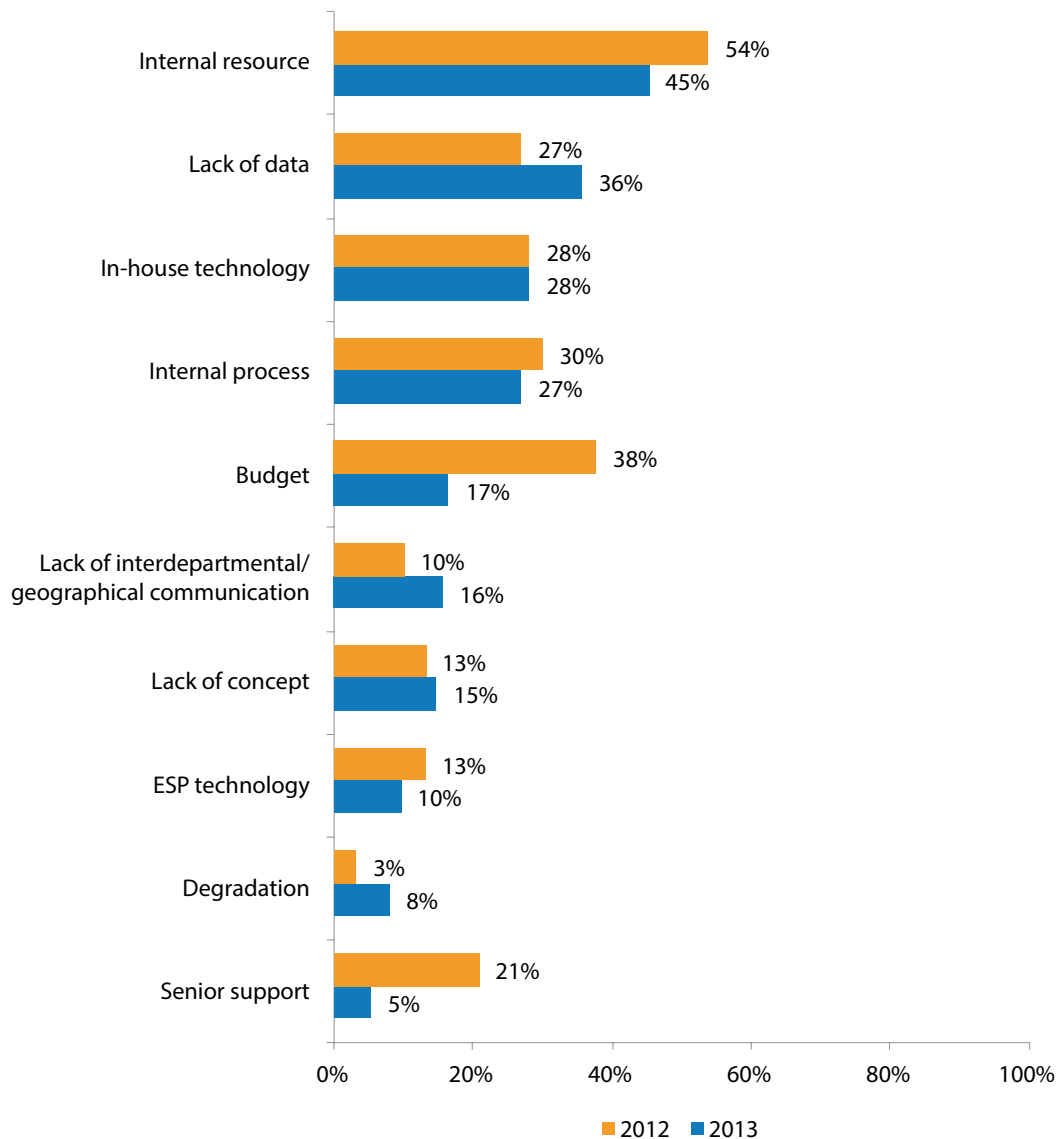


4.2 Constraints

Constraints to reaching (email) marketing goals reveal the problems marketers face when looking to increase or indeed maintain the investment in email and make use of advanced tools or technology to improve results. One of the greatest barriers continues to be the struggle over provision of internal resource (45%)

For those in B2B marketing, there has been an increase in those who have found a 'lack of data' to be a barrier (40%) compared with those in B2B in 2012 (25%). 'Internal resource' and 'budget' have been less of a concern during 2013 among those in B2C marketing than seen in the same market in 2012. However there has been an increase in concern over a lack of interdepartmental/geographical communication compared with last year.

Which of the following stop you from achieving your marketing goals? Please select all that apply.



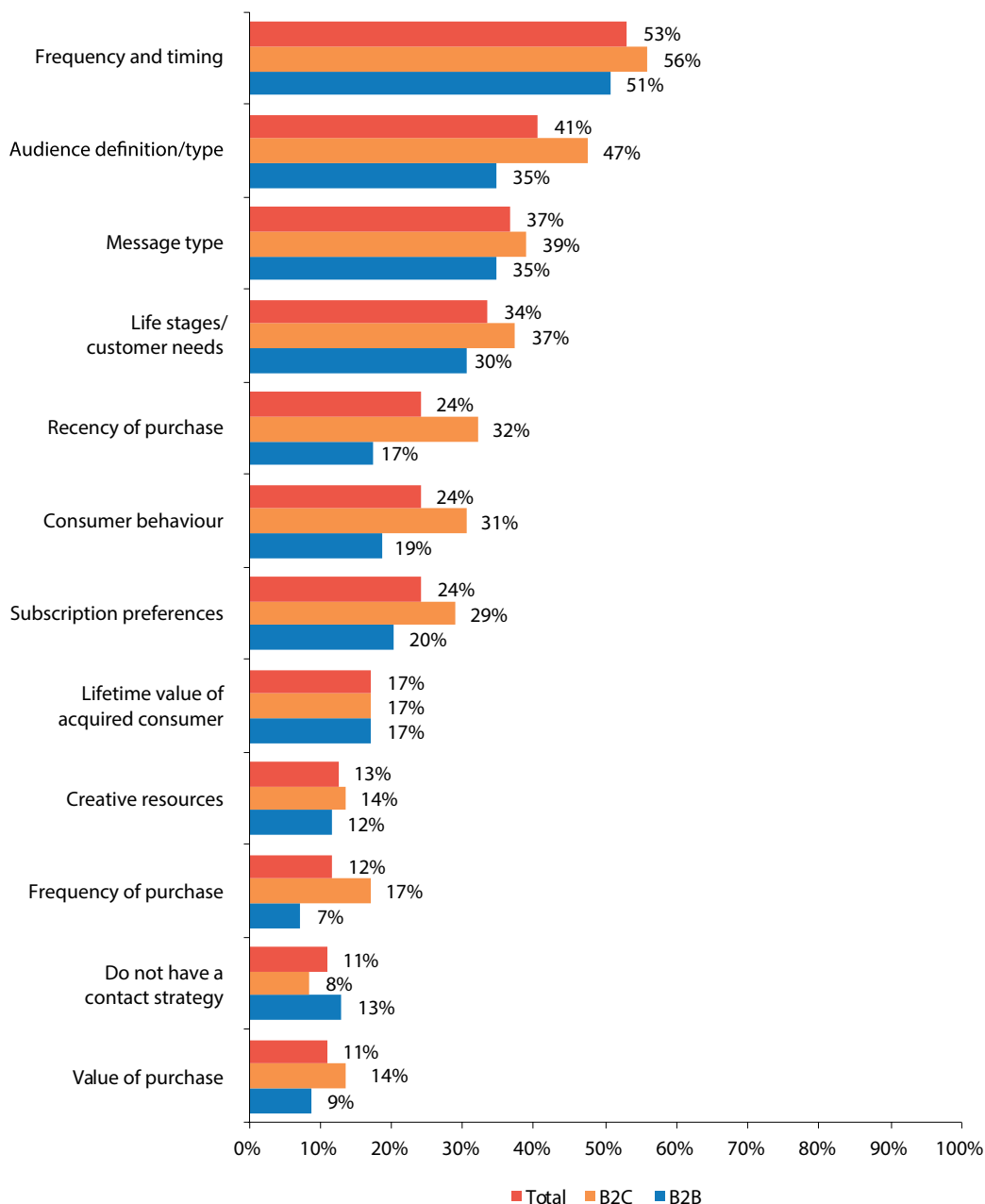
5. Email marketing strategy

5.1 Contact strategy

When planning a contact strategy to email their database, the factors that are considered the most important include 'frequency and timing' (53%); 'audience definition/type' (41%) and 'message type' (37%). Given that there has been some growth in targeted emails to specific segments, as demonstrated in 3.3, it is surprising that audience definition/type does not have more of an impact on contact strategy. Considering that most revenue is generated from existing buyers it is interesting that the specificity of those purchases seems to be the least important factor in planning. This is a new question for 2013 and consequently there is no tracking data available to reflect on any variability.

We have observed in both Sections 2.1 and 2.2 that B2C marketing specialists are more competent when it comes to both email testing and email marketing. We also ascertain in the chart below that those in B2C marketing appear to be more strategic than those in the B2B market, with a greater proportion placing more importance on all measures than those in B2B marketing. Furthermore, more of those in B2B marketing claim to have no contact strategy in place at all compared to their B2C contemporaries.

What factors do you consider when planning a contact strategy to email your database? Please select all that apply.



5.2 Contact frequencies

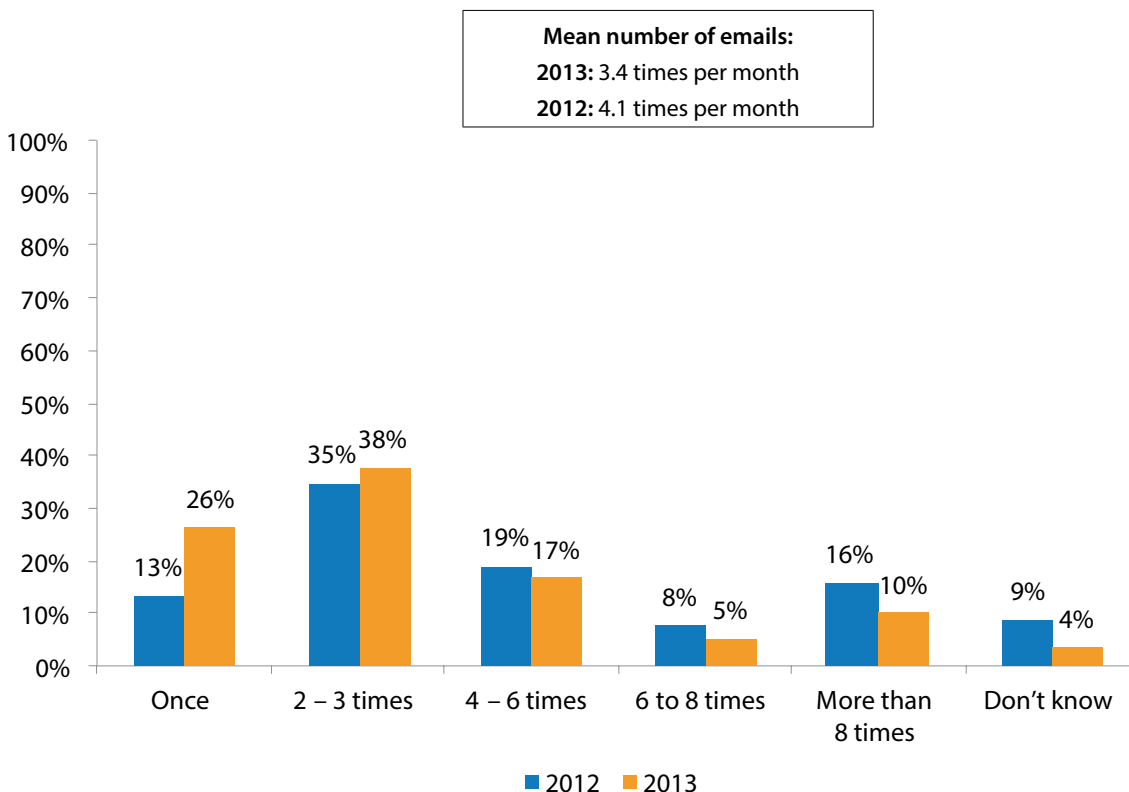
Overall, consumers feel that their inbox volume has increased since 2011, that said, the majority (63%) receive no more than six brand emails a day on average, with 40% getting no more than three a day.⁷ This relative lack of inbox competition suggests that marketers could potentially increase the frequency of contact made in a typical month.

With this in mind, it is surprising that there has been a decline in the frequency of contact made with individual addresses in 2013. Overall, in 2013 emails were sent to an address on average 3.4 times per month, a significant decline since 2012 that saw an average of 4.1 messages being sent to each contact. Of course, these figures refer to maximum rather than average frequencies. Nevertheless, increased contact frequency provides marketing teams with greater flexibility to exploit appropriate opportunities, whether seasonal (such as increased emails during the Christmas shopping season) or behavioural (such as post-purchase email streams). In the US the 100 largest retailers sent an average of 4.26 messages to consumers in their databases during the first 12 days of December; furthermore the most prolific email senders sent 3.2 messages per day during the same period, twice the rate they emailed during the entire month of November.⁸

During this year nearly two-thirds (64%) of all respondents claim to have sent a maximum of 3 emails per month, compared with less than half (48%) making the same claim during 2012. In 2013 a quarter (26%) were sending once a month, the same proportion as 2011 (26%). This year one in seven (16%) were sending 6 + emails per month compared with a quarter (23%) in 2012. Needless to say it is essential that the content of the emails can warrant the maximised frequency or senders could potentially experience an escalation in unsubscribing rate.

B2B marketing teams are inevitably sending less emails to addresses per month than those in B2C, with four in five (78%) sending 3 or less emails per month compared with just under half (48%) of those in B2C marketing.

What is the maximum number of times you contact an address on your list in one month?



7. DMA (2012) Email Tracking Report

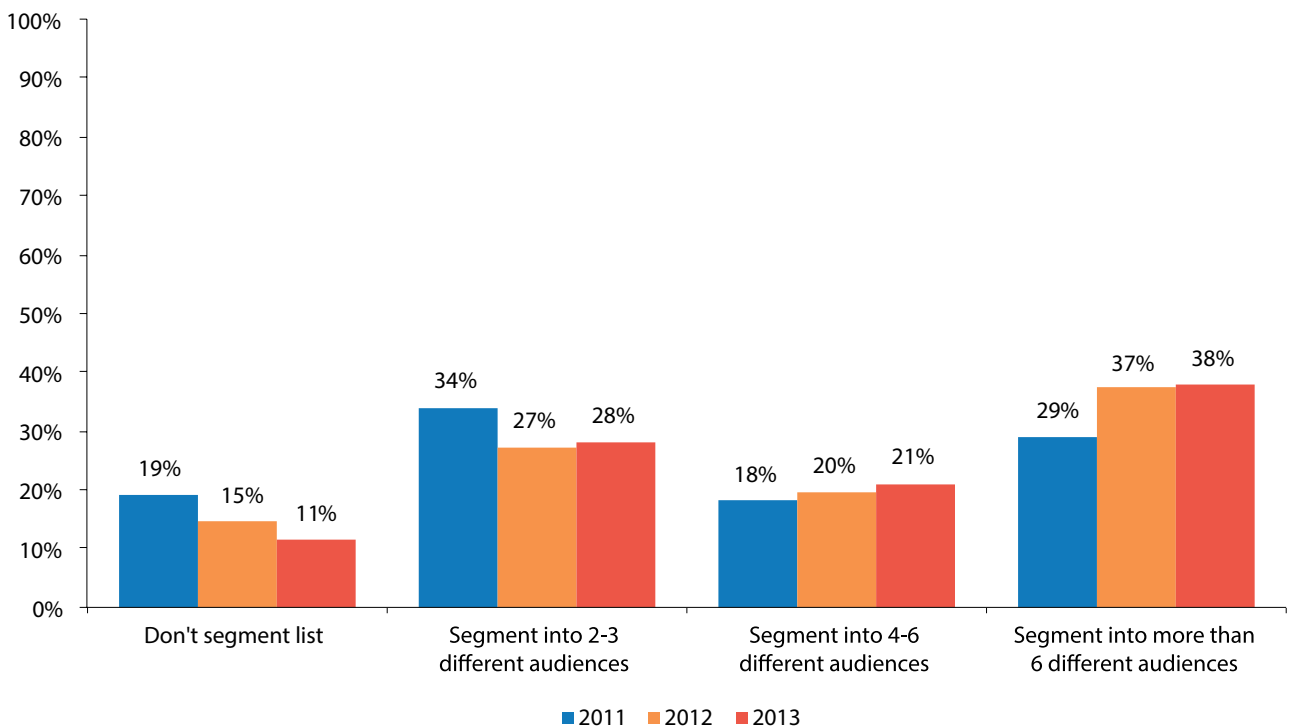
8. E-retailers pick up the e-mail pace in December

5.3 Customer segmentation

There has been a continued upturn in those who segment their customer mailing lists demonstrating that marketing consultants have become more savvy and sophisticated in their approach. The number segmenting into more than six different audiences rose from 29% in 2011 to an impressive 37% in 2012, and has continued on this trajectory at 38%. Meanwhile the number of organisations not segmenting at all fell from 19% in 2011 to 15% in 2012 and has continued to fall over the last year to 11%.

As seen in 2012, those in B2B continue to utilise fewer segments than those specialising in B2C marketing, who are much more likely to segment into 6+ different audiences. This is mirrored in the US where both B2C and B2B marketers are getting smarter about how they use email as part of their marketing mix as they gain more access to technology. This allows them to segment customer lists by shopping interests and “predictive analytics” which has, in turn, enabled more targeted cross-channel marketing campaigns.

On average how many different customer segments/does your business use to segment your mailings?



'Don't know' not included

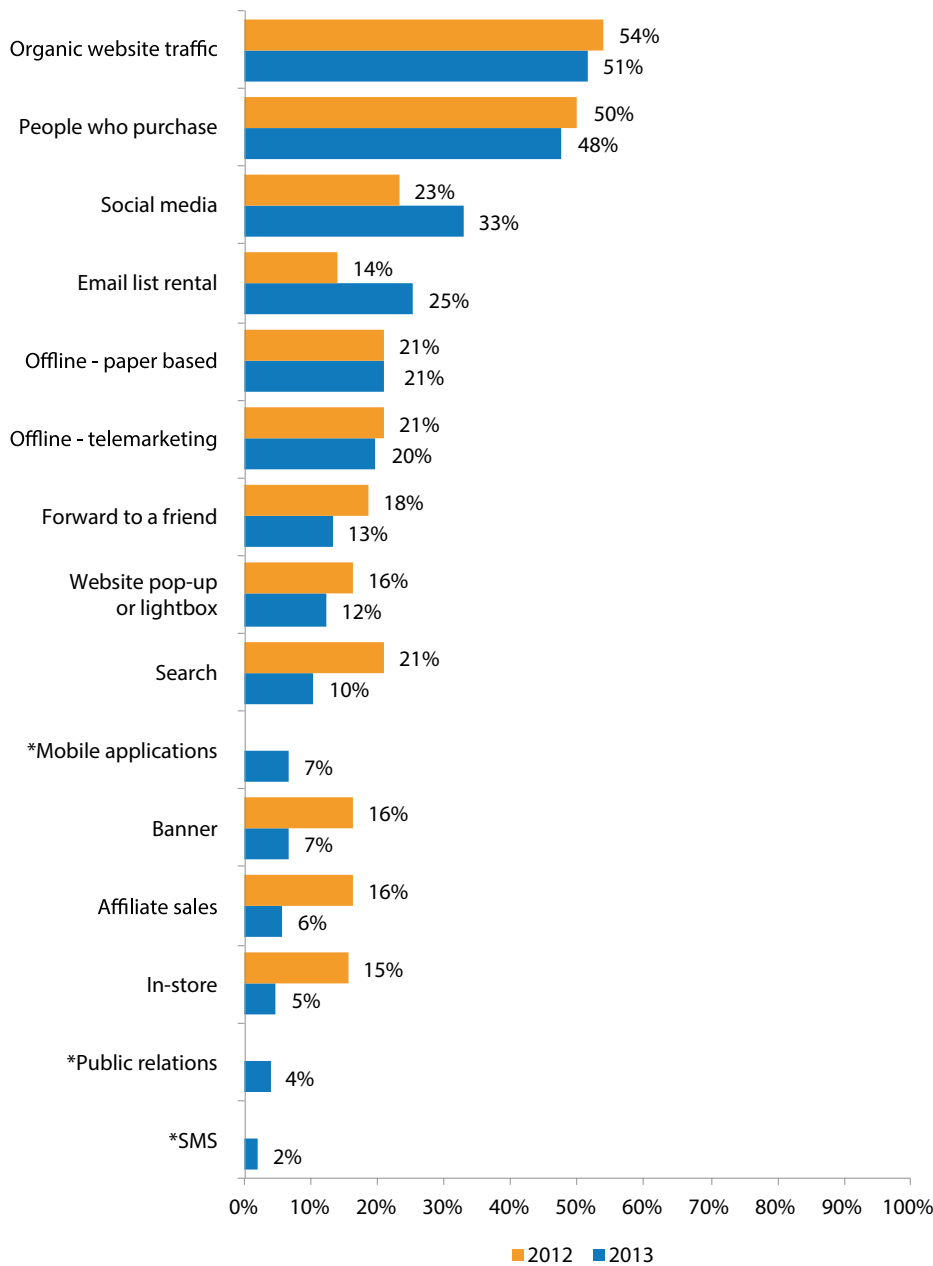
5.4 List acquisition

Marketing professionals are utilising multiple sources and techniques to drive the acquisition of contacts for their database. The methods that were most prevalent during 2012 are still considered to be the most effective list acquisition sources. These include ‘organic website traffic’ and ‘people who make a purchase’. It would be helpful to gauge and understand how the teams fully exploit website traffic as a source of new subscribers and which strategies and devices are used to drive sign-ups.

There has been a growth in the effectiveness of social media over the course of the year, with an increase that is marked across both B2B and B2C marketing streams – suggesting that market consultants are starting to become more sophisticated in their use of social media to construct their lists. A third (33%) of all respondents referred to social media as an effective technique, a meaningful rise on 23% in 2012 and 25% in 2011. Social media has become more established and it is recognised by more and more of those employing email marketing campaigns for the multiple opportunities for communication with consumers that it offers.

There has been a distinct increase in those renting email lists (25%) compared with 2013 (14%), as seen last year this is more commonplace within B2B markets (33%) than B2C (16%).

Which from the following are effective methods to acquire new email addresses?



**'Mobile applications', 'Public relations' and 'SMS' are new options added in 2013*

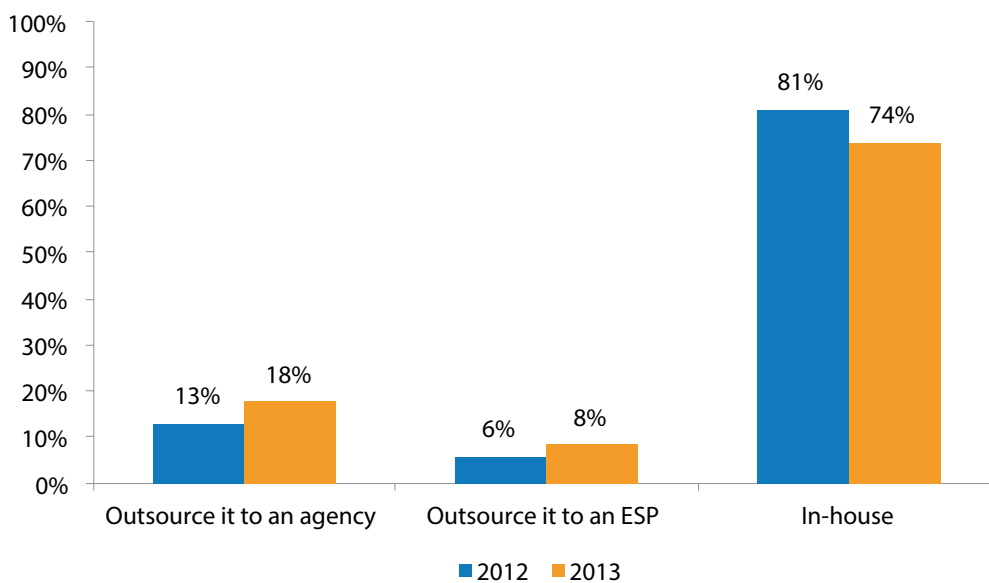
5.5 Management of marketing programme

The proportion of marketing professionals who manage their own marketing programme in-house has remained consistent year on year.

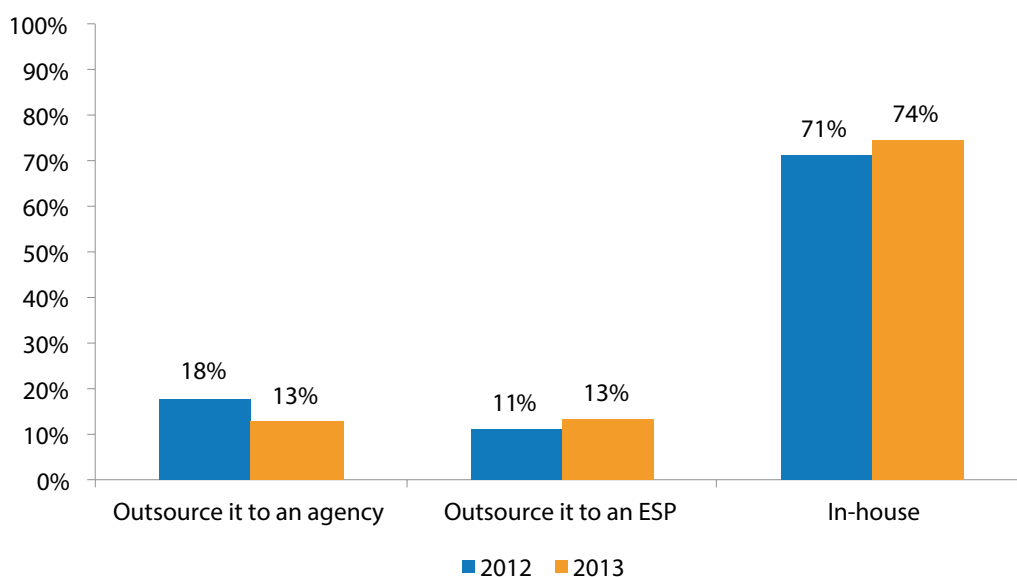
On a more granular level, those in B2B marketing have increasingly turned to external agencies to oversee their email marketing programme rather than managing it in-house (18% vs 13% in 2012), while those in B2C streams have demonstrated an improvement in competency, with increased numbers now operating their programme in-house (74% vs 71% in 2012). More generally, it has been observed that B2C marketers have adopted a strategy based on knowledge transfer and hence the upskilling of their in-house teams and comfort with testing, while B2B marketers seem far more comfortable to delegate the management of their email programmes to specialist agencies, and this has had an impact on in-house skill levels and familiarity with their own email programmes.

How do you manage your email marketing programme? Please tick all that apply in case you use a combination of the below mentioned methods to manage your email marketing programme.

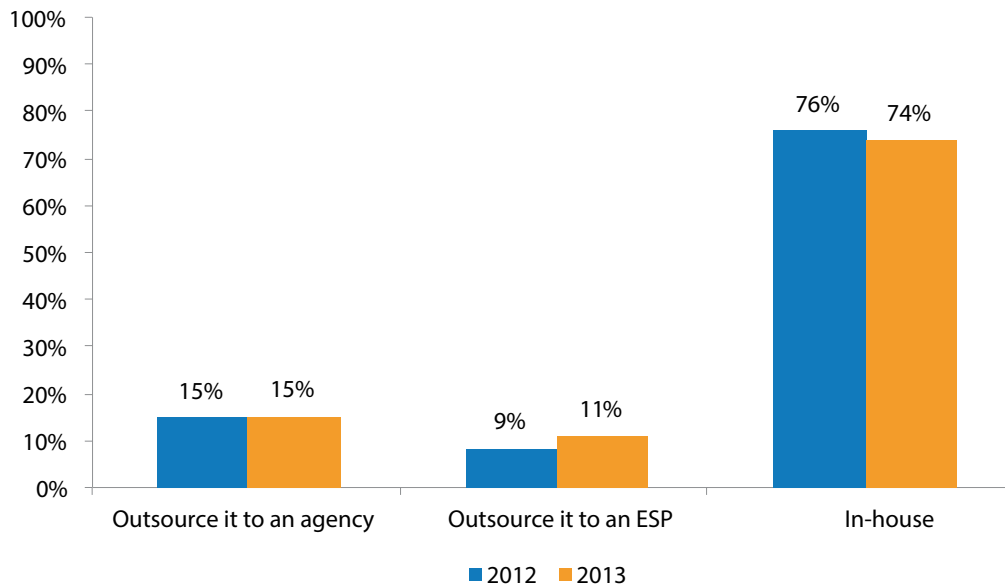
B2B



B2C



Total

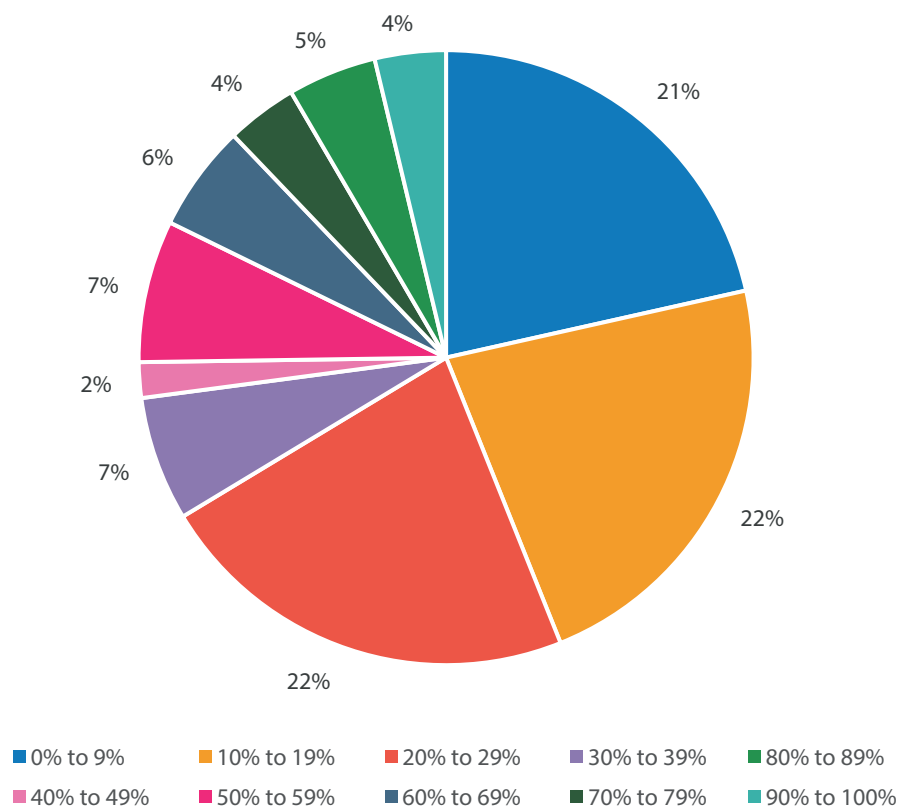


5.6 Time allocated to email marketing per month

This year we asked respondents what percentage of their time spent on all marketing activities is dedicated solely to email marketing. On average they spend over a quarter of their time allocated specifically to marketing activities, focused solely on email marketing. This rises to a third of their time of those specialising in B2C marketing and dropping to just under a quarter of all dedicated B2B marketing.

One in 10 (9%) spend 80% or more of their marketing time focusing on email marketing alone, during the course of an average month.

What percentage of time spent on all marketing activities is dedicated to email marketing per month?



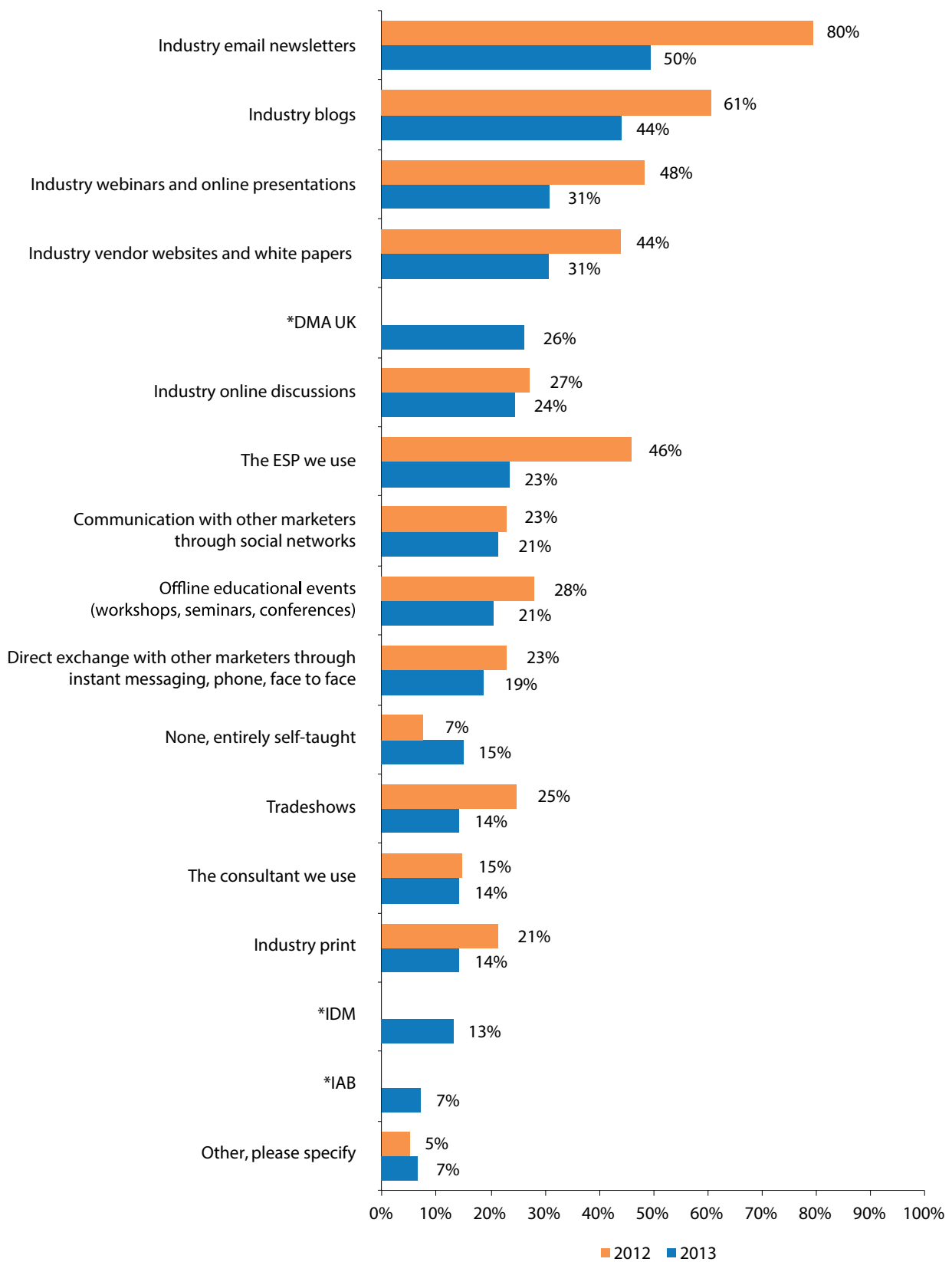
5.7 Email marketing education

Marketers continue to turn to various external sources for insight and advice on optimising both the performance and results of their email campaigns. As the chart below illustrates, despite the fact that marketing specialists continue to draw on these sources, they are doing so in smaller proportions than seen during 2012. Simultaneously there has been a growth in the proportion of industry experts who claim that they do not turn to any educational sources, but are entirely self-taught (15%, compared to 7% in 2012) perhaps illustrating a development in confidence over the course of the year. Another possibility is that these information sources are too generic by definition and hence unable to tackle the unique situations and needs of individual marketers, and hence they are following their own path to ensure that they develop a strategy that reflects their own inimitable and complex situation.

As in both 2011 and 2012, industry email newsletters, blogs and webinars were the top three sources of information in 2013, albeit with a decline in relevance.

A third of B2B consultants (32%) and just over a quarter (28%) of B2C specialists turn to DMA UK to seek information and up-to-date intelligence. This must be viewed in the context that a link to this survey was hosted on the DMA website and publicised via a DMA newsletter, and hence these figures will be largely inflated.

Where do you get your email marketing education from?



*'DMA UK', 'IDM' and 'IAB' are new options added in 2013

6. Email trends and predictions

6.1 Metrics – trend

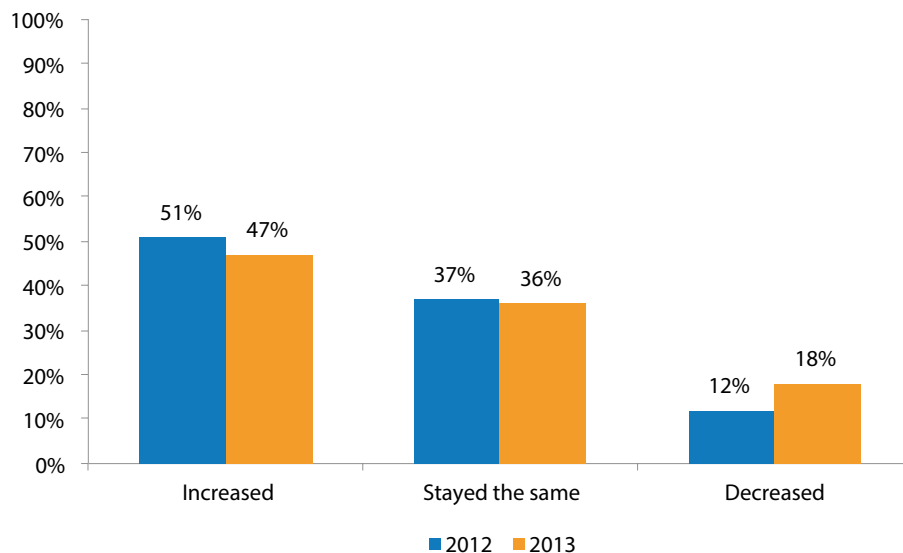
Nearly half of all respondents (47%) cited that open rates have improved over the last year, albeit with more respondents observing a decrease in open rates than observed last year. This year the majority have found that click (46%) and conversion (58%) rates have stayed the same, a marked increase since 2012 (38% and 36% respectively). Encouragingly neither the click nor conversion rates are perceived to have been decreasing over the last year.

The steadfastness of these rates seems inevitable, given the pervading theme of this report, which sees email marketing settling and calming after a buoyant 2012 and hence these ratios seem to have plateaued rather than continuing with an upward trend in growth.

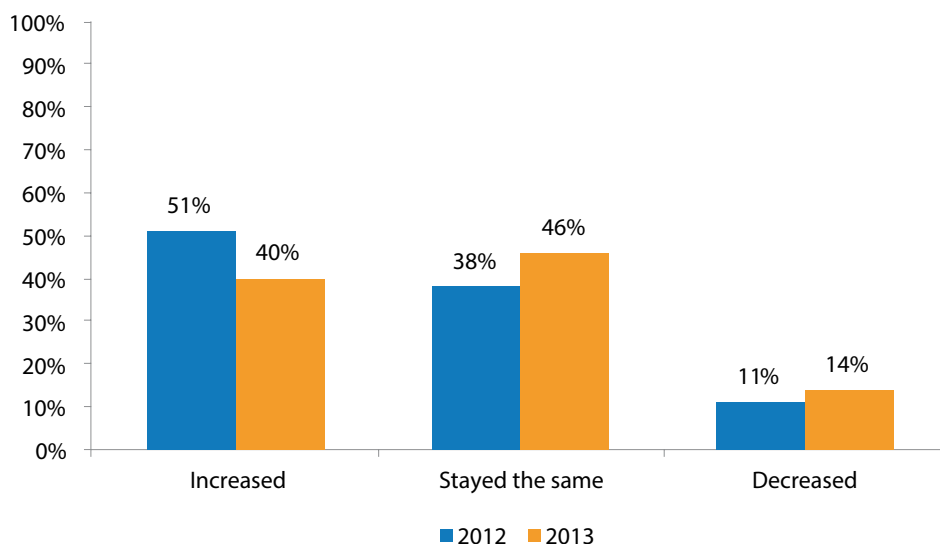
Interestingly, claims in the Email tracking report cite that click rates are the most likely response among consumers to a stimulating or relevant email (cited by 59%). However, marketing experts also need to consider that there are other compelling alternatives that could pull consumers away from clicking through, such as visiting the sender's website by another route, visiting the sender's retail store or alternatively not responding at all!⁹

How have the following trended over the past 12 months?

Open rates

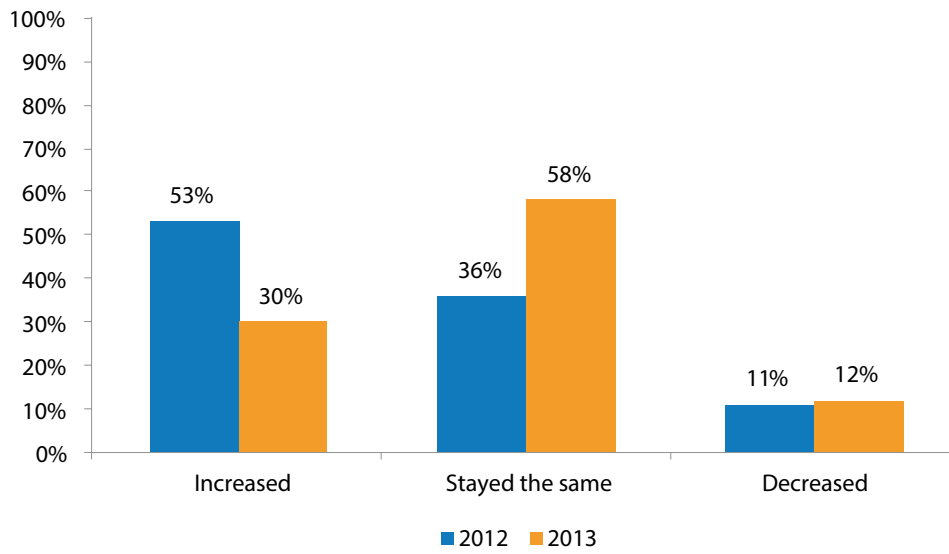


Click rates

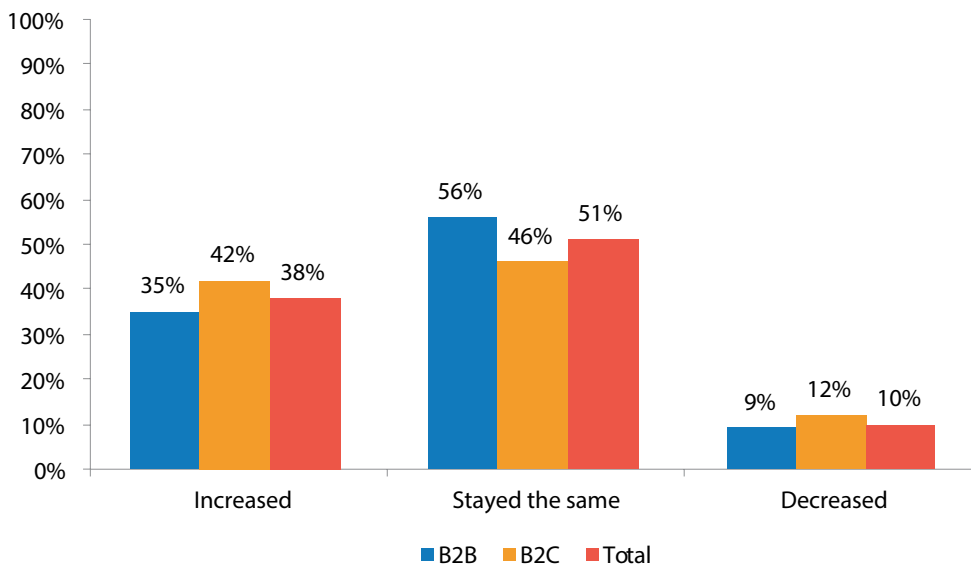


[9. DMA \(2012\) Email Tracking Report](#)

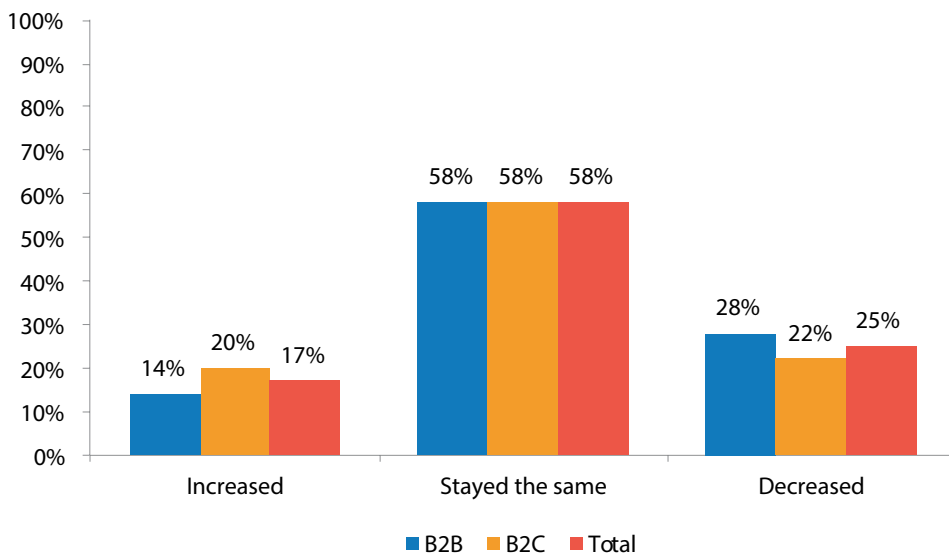
Conversion rates



Delivery rates



Unsubscribe rates



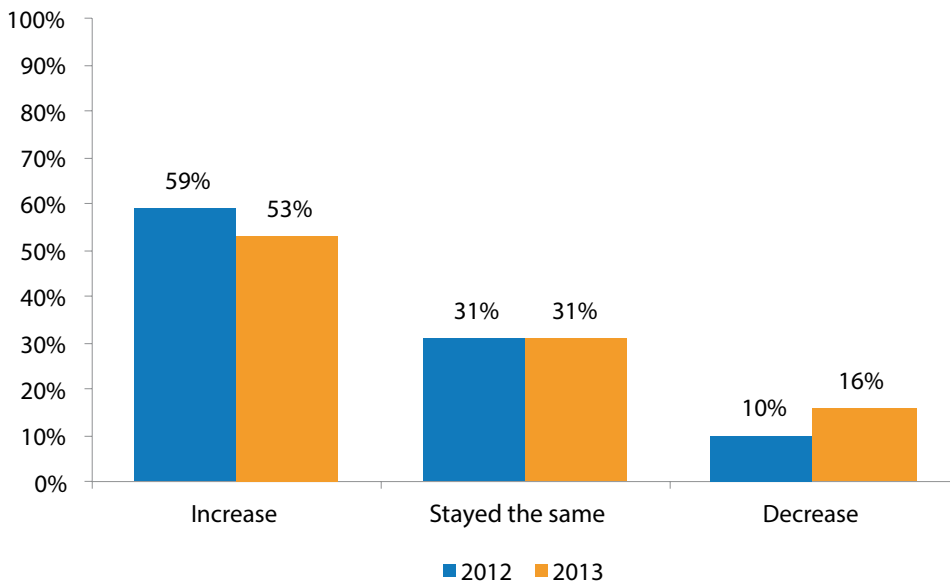
6.2 Metrics – predictions

As email marketing continues to mature, the competition for attention in already-crowded inboxes is increasing. To improve effectiveness and audience engagement, marketers should take a special interest in these metrics that track the success of their email marketing campaigns.

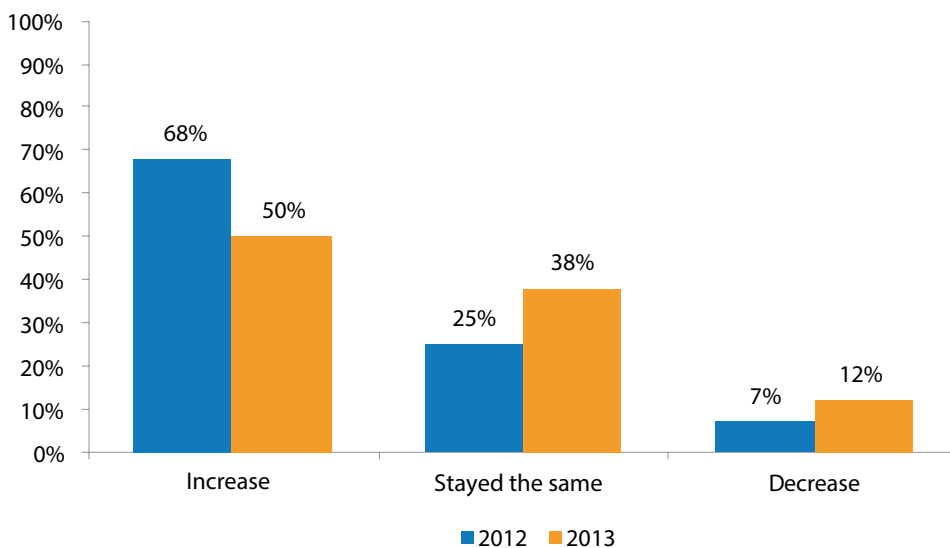
Respondents continue with a muted and staid mindset when invited to predict the future, whereby we see a slight downward turn in those who expect open, click and conversion rates to increase over the following year, while we observe a marked increase in those who expect both click and conversion rates to remain the same and a slight inflation in those who expect these rates to decrease over the forthcoming year. This is consistent across both B2B and B2C business streams.

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

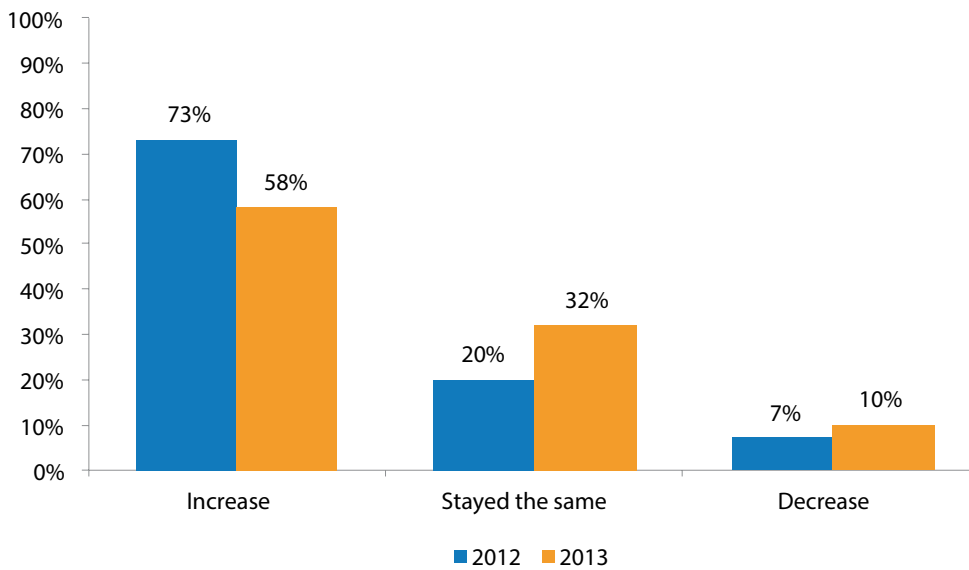
Open rates



Click rates



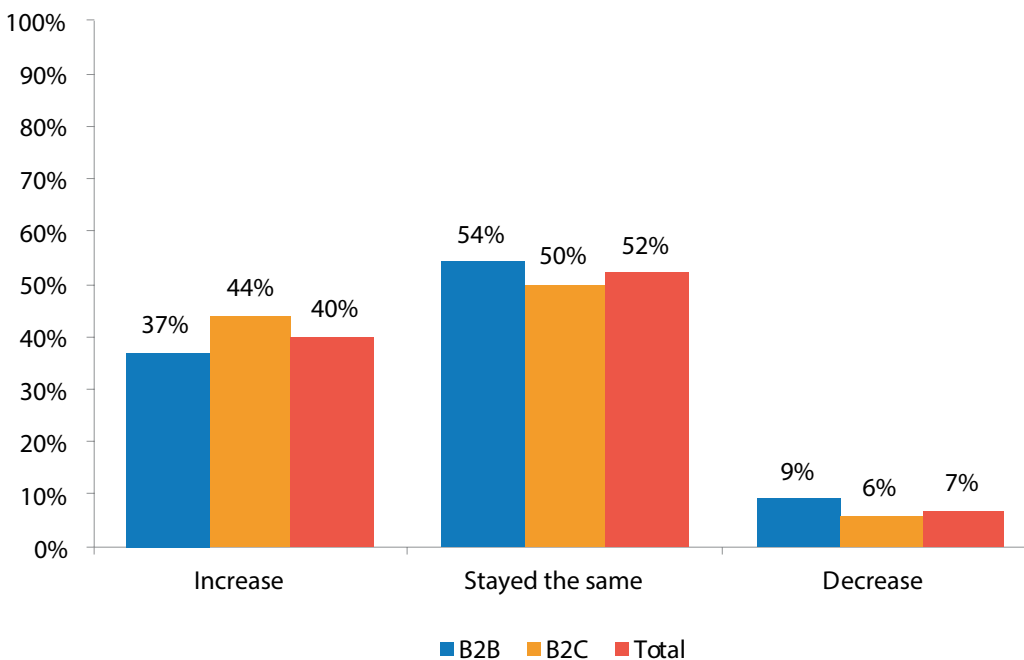
Conversion rates



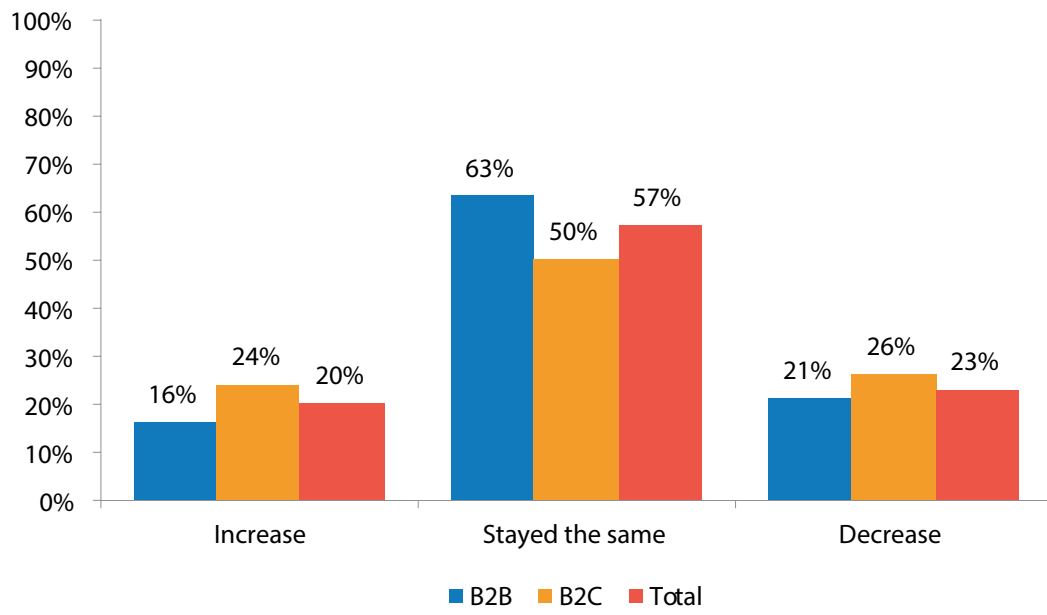
In 2013 respondents were asked for the first time about their delivery rates and unsubscribe rates. Half of respondents expect their delivery rates to stay the same over 2014, and this is consistent across both the B2B and B2C markets. Two in five (40%) feel that their delivery rates will increase, with those in B2C marketing feeling a little more positive on this issue.

Nearly two-thirds of B2B practitioners (63%) anticipate that their unsubscribe rates will remain the same through 2014. While those in B2C marketing have more polarised views, only half (50%) are anticipating some changes in their unsubscribe rates, with a quarter (24%) expecting them to rise and similar proportions expecting them to fall (26%).

Delivery rates



Unsubscribe rates





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 October, November and December 2013 via a survey that was hosted online. This was promoted on the DMA homepage and via various ESPs who supported the companion report. A link to the survey was also added to some relevant DMA-member 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 Benchmarking Hub of the DMA Email Marketing Council. 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 in 2013 to ensure they were up to date and reflected the current market scenario. 161 responses were recorded in 2012 but only 128 respondents completed the survey in 2013.

There was a good mixture of both B2B (54%) and B2C (46%) respondents surveyed, with a slightly higher number of B2B organisations participating.

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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