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Email Marketing Benchmarks: Key Data, Trends and Metrics

As consumers' use of email evolves, so too are marketers' strategies for reaching them. And while email is increasingly competing with other digital channels for consumers' time and attention, the latest research suggests it continues to be an effective tool for marketers.

presented by:

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Best,

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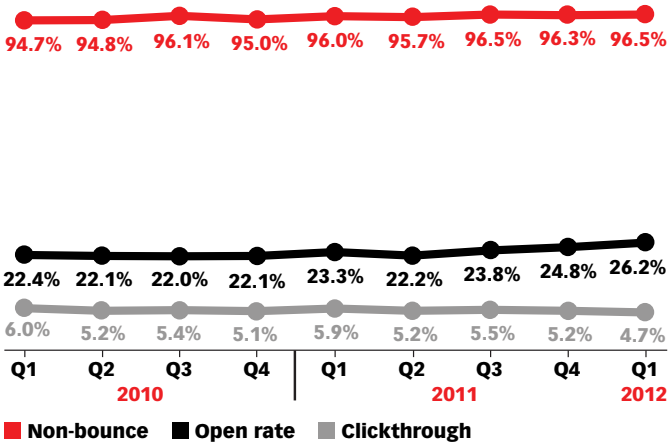
Email Marketing Benchmarks:

Key Data, Trends and Metrics

Executive Summary: Though email increasingly competes with other digital channels for consumers' time and attention, the latest research suggests it continues to be an effective tool for marketers.

Email Marketing Performance Metrics in North America, Q1 2010-Q1 2012



Source: Epsilon and Email Experience Council, "Q1 2012 Email Trends and Benchmarks," June 20, 2012

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This report surveys the latest industry benchmarks for email campaigns, covering open and clickthrough rates, industry-by-industry breakouts, mobile statistics and more.

A number of trends are apparent: First, email is increasingly accessed via mobile devices, creating both headaches and opportunities for smart marketers. Second, personalization has become far more sophisticated, with so-called triggered emails continuing to raise the bar for timeliness and relevance to consumers. Finally, the effect of "Big Data" is clearly being felt as marketers use it to craft smarter, more targeted email communications.

In light of these developments, marketers are evolving their strategies to reflect the changing habits and expectations of email users.

Key Questions

- What are the latest email marketing benchmarks for common metrics such as open rate and clickthrough rate?
- How are mobile devices affecting email marketing?
- How are email marketers using mobile optimization, data and other marketing channels in combination with their email marketing programs?

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The Email Audience

More than nine in 10 adult internet users in the US will send an email at least once per month in 2012, according to eMarketer estimates. This vast audience, representing more than three-quarters of the US population, will continue to grow through 2016, eMarketer predicts.

US Adult Email Users, 2010-2016

	2010	2011	2012	2013	2014	2015	2016
Adult email users (millions)	**172.6**	**178.3**	**183.2**	**188.7**	**193.1**	**198.3**	**202.0**
—% change	3.4%	3.3%	2.7%	3.0%	2.3%	2.7%	1.8%
—% of adult internet users	95.0%	95.0%	95.0%	95.5%	95.5%	96.0%	96.0%
—% adult of population	74.3%	75.9%	77.1%	78.6%	79.6%	80.9%	81.6%

Note: internet users ages 18+ who send an email at least once per month
Source: eMarketer, March 2012

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For most, email is a part of daily life. In a survey conducted in February 2012 by the Pew Internet & American Life Project, about 60% of US email users ages 18 to 64 said they had used email the day before.

Daily email use is even higher among mobile phone users. Email technology provider Return Path found 88% of mobile phone users checked their email via a handheld device daily.

The mobile email population is sizeable and rapidly growing. Network solutions provider Cisco Systems estimates there will be 546 million mobile email users worldwide by year's end. By 2016, that number will almost triple to 1.41 billion. In the US, eMarketer estimates, the mobile internet audience will reach 115.8 million by year's end, comprising 38.5% of the population. By 2016, that number will increase to 60.5%.

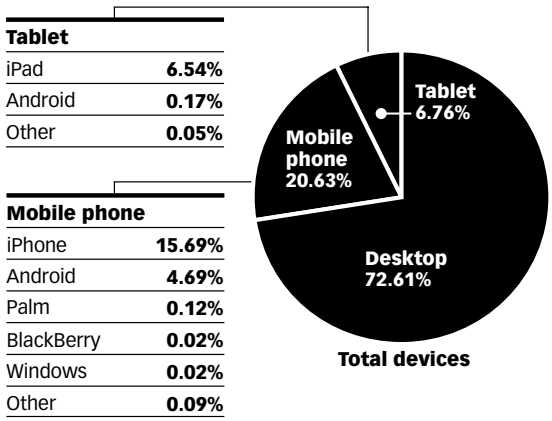
Mobile use is already affecting email actions on the desktop. Direct digital marketing solutions provider Knotice found 86.64% of US emails were opened on a desktop or laptop computer in Q4 2010, compared to 13.36% of communications opened on mobile devices. But by H2 2011, the portion of emails opened on mobile devices had jumped to 27.39%.

Some put the email open percentage even higher. "A third of emails are now opened on mobile devices," said Loren McDonald, vice president of industry relations for digital marketing technology provider Silverpop, in June 2012. "We know mobile is growing and will continue to grow."

One of the factors pushing mobile forward is the greater support companies are giving to bring-your-own-device-type programs. "Corporations are more open to employees using things like the iPhone or the iPad [for managing their corporate email accounts]," said Justine Jordan, director of marketing at email testing and marketing analytics company Litmus. "The iPhone is what is taking over market share."

Open rate data from Knotice supports Jordan's observation: The iPhone and iPad accounted for the greatest share of mobile email opens in 2011's first half by a wide margin. Such a skew toward iOS-based platforms is one marketers should be acutely aware of, particularly when designing emails that may require Flash, which does not work in the iOS environment.

US Email Marketing Open Rate Share, by Device and OS, H2 2011
% of total



Note: numbers may not add up to total due to rounding
Source: Knotice, "Mobile Email Opens Report," April 11, 2012

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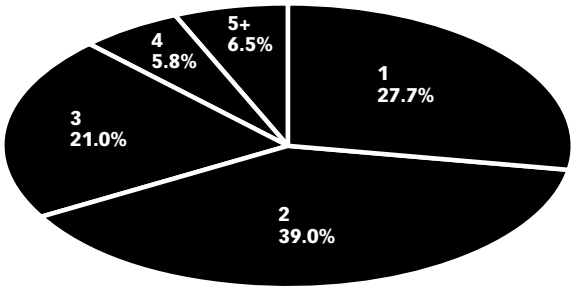
To complicate matters further, consumers aren't just accessing email using multiple devices. They're also using multiple accounts. Almost three-quarters of US email users ages 25 to 40 managed their email this way, according to February 2012 data from BlueHornet.

Number of Personal Email Addresses that US Email Users Have, Feb 2012
% of total



Note: ages 25-40
Source: BlueHornet, "Consumer Views of Email Marketing" in conjunction with Flagship Research, April 3, 2012

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And if worldwide data is any indication of future growth, the number of multiple email account users will continue to climb

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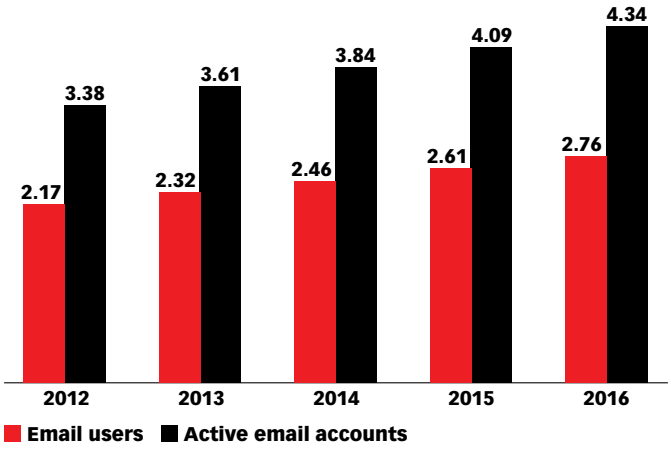
steadily through 2016, along with the total number of email users overall, according to the Radicati Group.

Email Users vs. Active Email Accounts Worldwide, 2012-2016
billions



Source: Radicati Group, "Email Statistics Report, 2012-2016," April 10, 2012
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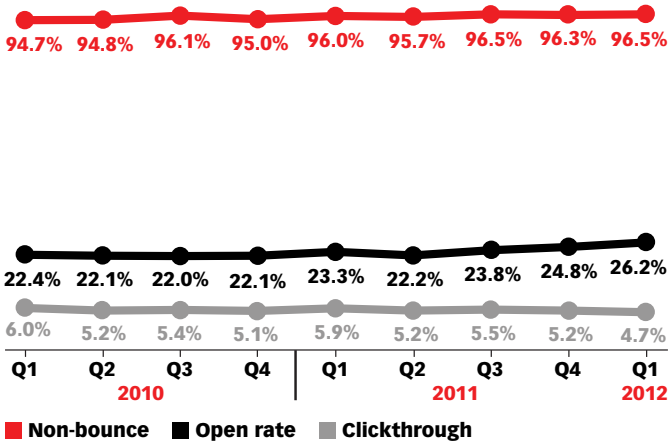
Whatever device they are using, and however many accounts they may be managing, it's worth noting that internet users still trust opt-in email messaging above all other forms of advertising. Nielsen's 2012 "Global Trust in Advertising and Brand Messages" report showed 55% of internet users in North America trusted advertiser messages from emails they had signed up for, a level that trailed only recommendations from people they knew, consumers' opinions posted online, and editorial content.

Consumers don't just trust email; they look to it for purchasing decisions. In a February 2012 ExactTarget study, 66% of US internet users said email influenced them to make a purchase decision. Similarly, BlueHornet found 51.7% of US email users either somewhat or extremely likely to buy a product or service from an email read on their mobile device. In addition, Placecast found 20% of US smartphone owners had already made a purchase from their mobile device based on an email they had received from a merchant.

Email Marketing Benchmarks

Email open rates in North America have risen in recent quarters, but clickthrough rates (CTR) have been slipping. Data from Epsilon and Email Experience Council for the last two years showed clickthroughs fell below 5% for the first time in the first quarter of 2012.

Email Marketing Performance Metrics in North America, Q1 2010-Q1 2012



Source: Epsilon and Email Experience Council, "Q1 2012 Email Trends and Benchmarks," June 20, 2012
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One reason for the decline was the increased number of emails hitting consumers' inboxes. "We've seen an overall increase in email volume from Q1 of this year vs. last year," said Judy Loschen, vice president of digital analytics at Epsilon. "There are just a lot more emails going out and consumers are less likely to click through if the email is not relevant and targeted."

Automated email marketing, which sends messages upon user-triggered actions such as completing a purchase or downloading a trial, makes up only a sliver of total emails sent, but posts a large contribution to clickthrough rate.

"Right now, we're only seeing 2.5% of all emails triggered or automated based on customer actions and preferences," said Loschen. Triggered emails saw an average CTR of 10.4%, more than double the general CTR for Q1 2012, according to the study.

Marketers who take advantage of automation—which includes everything from cart abandonment programs to birthday emails—have seen conversion rates as high as 50%, said Silverpop's McDonald. "That small percentage of triggered emails can drive 20%, 30% or 40% of the revenue."

As a rule, user relevance is a significant driver of open and CTR rates. Triggered automation mailings are designed to be relevant to the user in real time. But not all efforts to make

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mailings relevant will necessarily increase engagement. Research suggests the use of personalized subject lines, such as those containing the recipient's first name, for example, can actually have a negative effect on performance. In a July 2012 benchmark study, email marketing company MailerMailer saw significantly lower CTR and open rates (1.1% and 5.2%, respectively) for personalized subject lines compared to nonpersonalized ones (3% and 11.5%).

Metrics by Industry

The Epsilon/EEC data shows a wide variation in open and click rates by industry. Loschen noted industries such as financial services and travel are more inclined to use marketing automation to manage real-time alerts and account-related information, the kind of service-oriented messages that typically see above-average open and clickthrough rates.

Email Marketing Performance Metrics in North America, by Industry, Q1 2012

	Non-bounce	Open rate	Click rate	Click-to-open rate
Business products and services—general	94.3%	30.6%	5.5%	17.8%
Business publishing/media—general	95.1%	20.5%	4.1%	20.1%
Consumer products—CPG	97.6%	15.3%	5.7%	37.3%
Consumer products—pharmaceutical	89.9%	29.0%	4.7%	16.3%
Consumer publishing/media—general	98.6%	15.1%	5.7%	38.1%
Consumer services—general	97.4%	25.0%	4.5%	17.9%
Consumer services—telecom	98.4%	18.2%	3.2%	17.5%
Financial services—credit cards/banks	95.3%	38.4%	5.4%	14.1%
Financial services—general	95.1%	33.2%	5.7%	17.3%
Retail—apparel	99.1%	16.1%	3.9%	24.3%
Retail—general	98.4%	35.7%	5.4%	15.0%
Retail—specialty	98.4%	19.0%	2.4%	12.8%
Travel/hospitality—travel services	98.2%	36.2%	4.9%	13.4%

Source: Epsilon and Email Experience Council, "Q1 2012 Email Trends and Benchmarks," June 20, 2012

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The frequency with which stores share coupons and discounts—both of which are of high value to consumers—probably contributes to higher-than-average performance for the retail industry. CPG marketers, who also frequently distribute coupons through email, saw high clickthrough and open rates in the first quarter of 2012.

The share of messages opened on a mobile device vs. a desktop varies from industry to industry, according to data from Knotice. For B2B and healthcare messages, the open rate share for emails viewed via desktops was far higher than for other types of mailings.

US Email Marketing Open Rate Share, by Device and Industry, H2 2011
% of total

	Mobile phones			Tablets			Desktop
	iPhone	Android	Total	iOS	Android	Total	Total
Association	8.79%	1.64%	10.43%	5.35%	0.13%	5.48%	83.70%
B2B	6.55%	1.55%	8.10%	1.43%	0.05%	1.48%	90.27%
Cable & telecom	15.64%	4.78%	20.42%	6.62%	0.17%	6.79%	74.28%
Consumer products	12.26%	4.17%	16.43%	4.01%	0.11%	4.12%	79.17%
Consumer services	21.64%	7.24%	28.88%	5.88%	0.15%	6.03%	64.61%
Education	15.36%	2.56%	17.92%	7.15%	0.13%	7.28%	74.45%
Entertainment	16.34%	5.65%	21.99%	4.31%	0.25%	4.56%	72.77%
Financial services	16.42%	4.29%	20.71%	3.96%	0.14%	4.10%	74.91%
Healthcare	8.24%	1.87%	10.11%	1.48%	0.03%	1.51%	88.30%
Hospitality	17.44%	3.86%	21.30%	6.35%	0.15%	6.50%	71.94%
Retail	17.19%	3.61%	20.80%	7.13%	0.19%	7.32%	71.58%

Note: numbers may not add up to 100% due to rounding
Source: Knotice, "Mobile Email Opens Report," April 11, 2012

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By contrast, the open rate share for retail and hospitality emails skewed more toward mobile phones and tablets.

The Knotice data and Epsilon/EEC's data suggest a possible link between mobile mail and high open rate. But it's important to note that the higher rate may well reflect senders' efforts to optimize their messaging for mobile.

Mobile Email Access

Some marketers drag their feet on mobile email optimization in the belief that consumers regularly triage—that is, manage, organize and prioritize—their inboxes on their mobile device and save non-optimized emails for later viewing on the desktop. However, data from email service provider BlueHornet suggests marketers should rethink that strategy. Though the email service provider found about two-thirds of US email users had used their mobile device to sort through email before reading it on the desktop, 69.7% who received a non-optimized mobile email deleted it and 18% unsubscribed in response to one. Just 17.7% saved a non-optimized mobile email for the desktop.

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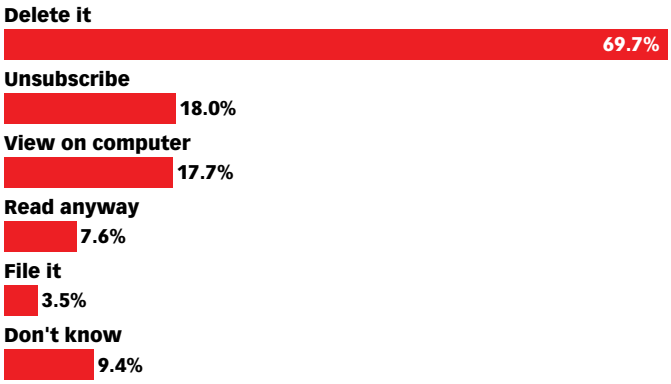
Behavior of US Email Users When They Receive a Mobile Email that Doesn't Render Well, Feb 2012
% of respondents



Note: ages 25-40
Source: BlueHornet, "Consumer Views of Email Marketing" in conjunction with Flagship Research, April 3, 2012

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Other data suggests even fewer saves. Litmus found just 3.3% of users had viewed an email in more than one environment. For Knotice, that number was even lower: 2.39% in the first half of 2011.

There's even worse news for email marketers holding out on mobile. Mobile analytics firm Prosper Mobile Insights found some consumers moving away from desktop email viewing altogether. Its June 2012 study showed 51.1% of US smartphone or tablet owners viewed email only on these mobile devices. This was more common among females (57.3%) than males (44.4%).

As mobile grabs a greater share of email opens, the decision not to optimize email for mobile viewing is likely one that will cost marketers. The same BlueHornet study as mentioned above noted that 75.4% of US email users said a poorly designed email negatively affected their perception of a brand.

Prospects vs. Customers

The type of distribution list used plays a role in determining email benchmark measures. House lists, which the Direct Marketing Association (DMA) defines as an email list of both past and present customers generated from a company's own database, saw double the open rate and triple the conversion rate of prospect lists.

US B2B and B2C Email Metrics, by List Type, 2012

	House file	Prospect file
B2B		
Open rate	21.8%	12.9%
Clickthrough rate	8.6%	7.3%
Conversion rate (median)	1.2%	0.3%
Acquisition cost (mean)	-	$65.66
ROI (median)	$52.5	-
B2C		
Open rate	22.9%	11.1%
Clickthrough rate	7.5%	5.3%
Conversion rate (median)	1.5%	0.6%
Acquisition cost (mean)	-	$39.96
ROI (median)	$16.5	-
Total		
Open rate	22.1%	11.4%
Clickthrough rate	7.7%	6.9%
Conversion rate (median)	1.5%	0.4%
Acquisition cost* (mean)	-	$55.24
Acquisition cost* (median)	-	$11.00
ROI (median)	$28.5	-

*Note: *did not have a clear normal curve so the mean and median differ substantially*
Source: Direct Marketing Association (DMA), "Response Rate 2012 Report," June 14, 2012

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The DMA data supports the common marketing belief that it's more cost-effective to cultivate existing customers than to find new ones. The median return on investment for customer emails was $28.50, compared to a mean customer acquisition cost of $55.24.

Compared to business-to-consumer emails, business-to-business emails resulted in both a higher average acquisition cost for prospects ($39.96 vs. $65.66) and a higher median ROI for customer-facing emails ($52.50 vs. $16.50), an expected finding considering B2B purchases tend to be costlier than the average consumer buy.

Both B2B and B2C marketers have much to gain by breaking through inbox clutter, but this could prove a more difficult task for B2B marketers in the years ahead. Email research firm The Radicati Group estimates the total number of business emails sent and received daily worldwide will climb from 89 billion in 2012 to 143.8 billion in 2016. Consumer emails, however, will decline slightly over this period—from 55.8 billion to 48.4 billion, the company predicts.

Day to Mail

Additional findings from MailerMailer offer insight into which days of the week marketers may have the best luck reaching recipients. The firm found Sundays best for open rate (13.8%) and CTR (6.7%). Tuesdays and Thursdays were also high-performing days, with Tuesday boasting the second-highest open rate and Thursdays the second-best CTR.

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US Email Marketing Open and Click Rates, by Day of Week, H1 & H2 2011

	H1 2011		H2 2011	
	Open rate	Click rate	Open rate	Click rate
Sunday	10.8%	3.5%	13.8%	6.7%
Monday	11.6%	2.0%	12.7%	2.8%
Tuesday	11.5%	2.7%	12.8%	3.1%
Wednesday	10.2%	1.7%	10.9%	2.3%
Thursday	10.8%	2.7%	12.4%	4.0%
Friday	10.2%	2.2%	11.7%	3.0%
Saturday	9.5%	2.2%	10.8%	3.2%

Source: MailerMailer LLC, "12th Edition Email Marketing Metrics Report," July 25, 2012

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Subject Lines

For subject lines, shorter was better for open rate. MailerMailer found subject lines between four and 15 characters outperformed longer-text subject lines. The firm's study also calculated the average CTR for each group, but it cautioned readers against using these numbers as proper benchmarks without further data and analysis.

US Email Marketing Open and Click Rates, by Subject Line Length*, 2011

	Open rate	Click rate
4-15	15.2%	3.1%
16-27	11.6%	3.8%
28-39	12.2%	4.0%
40-50	11.9%	2.8%
51+	10.4%	1.8%

*Note: *number of characters*
Source: MailerMailer LLC, "12th Edition Email Marketing Metrics Report," July 25, 2012

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As marketers look to benchmark email campaign performance off of these measures, they must take care to use their own historical performance for context. In addition, they should look to employ a mix of measures to build a complete view of performance.

"There is some high-level gleaning one can do with standard metrics, such as delivery rate, open rate and unsubscribes, but the metrics that really matter are those that measure effectiveness, like ROI," said Michael Kelly, director of sales and business development at email consulting firm Click Mail Marketing. "You could have a compelling subject line that is irrelevant to the offer inside, and you could have a phenomenally high open rate, but it comes at a cost if you don't deliver on that promise."

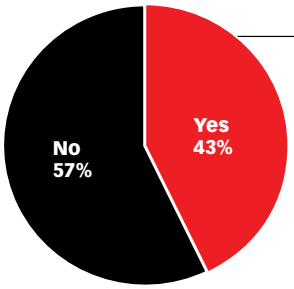
Evolving Email Strategies

As consumers' use of email evolves, so too are marketers' strategies for reaching them. Meanwhile, new tools have created challenges as well as opportunities for marketers. Three key areas that marketers are focusing on are mobile, multichannel marketing and Big Data.

Optimizing Email for Mobile Devices

As of April 2012, 36% of emails worldwide were opened using a mobile device, according to Litmus. Yet many marketers haven't moved to optimize their messaging for mobile. StrongMail found that just 22% of marketers surveyed worldwide were using mobile-optimized templates.

Ways in Which Email and Mobile Marketing Are Integrated According to Business Executives Worldwide, April 2012
% of respondents



Integrated email and mobile marketing

Ways of integrating email and mobile marketing	
Use of mobile optimized landing pages/website	32%
Capture mobile number during email sign-up	25%
Use of mobile-optimized templates	22%
Cross-channel email/SMS campaigns	21%

Note: among those who use mobile as a marketing channel
Source: StrongMail, "Mobile Marketing Survey 2012," May 23, 2012

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Econsultancy and Experian Marketing Services found only about a third of marketers and agencies planned to use mobile-optimized email this year.

Marketers that are diving into mobile email optimization have different goals and, as a result, their efforts represent different levels of ambition and complexity. At the basic level, most are using common optimization tactics such as reducing text length, increasing font size and narrowing the template to fit within the confines of a smaller mobile screen. Incorporating fewer calls to action and designing messages to be more touch-friendly are also best practices.

Silverpop's McDonald cited one example in which the email marketing company performed an A/B test for a client using a mobile-optimized and a nonoptimized email. The company saw a 64% higher CTR on the mobile version that was optimized for font size, template width and touch.

"So many people are living on mobile devices, whether a tablet or a smartphone, and their touch-based screens," he said. "But hardly any marketers design their emails for that

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finger. Redesigning with touch in mind won't lead to a bad experience on the desktop. All it's doing is giving a bigger target to the mouse."

However, given the wide variety of mobile devices, some marketers are taking a more advanced approach to mobile email optimization by designing communications for each unique mobile experience.

"Marketers need to actually change the content that's being displayed for each device," said Jason Wells, CEO of call-tracking and optimizations solutions company ContactPoint. "Behaviors are so different from desktop to tablet to smartphone, and the context in which they're using these devices is too."

Some marketers are turning to technology-based solutions, such as responsive design, to automate the mobile email optimization process.

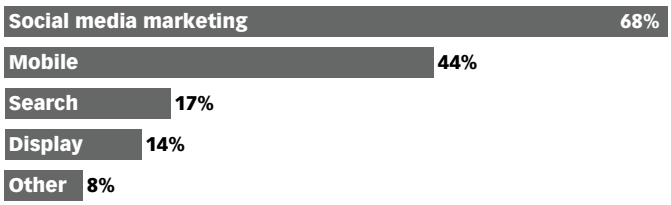
Responsive design offers marketers an email template that has the ability to detect both the device type and screen size on which a user is opening an email. It then automatically provides device-appropriate content and design. Technology companies and travel companies appear to be the early adopters of responsive design.

"Certainly, tech-savvy companies and companies whose audience expects them to be on that trend [are using responsive design]," said Jordan, whose company, Litmus, offers this service. "I know British Airways is also using responsive design. It makes sense to see folks in the travel industry turning to this technology, because a huge portion of their customer base is going to be on a mobile phone when they're traveling."

Blending Email with Other Marketing Tactics

Mobile isn't the only marketing tactic companies are blending with email. In its "2012 Marketing Trends Survey," StrongMail found 68% of business executives worldwide planned to integrate email and social media marketing this year.

Channels Business Executives Worldwide Plan to Integrate Email with in 2012
% of respondents



Source: Strongmail, "2012 Marketing Trends Survey" conducted by Zoomerang, Dec 7, 2011

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The connection between email and social is the shared ability to reach and engage consumers in a one-to-one relationship.

"Email is what drives the beginning of any conversation," said Ed Kats, president of MediaWhiz, an online performance marketing agency. "Social media is the natural execution of following up on email content and continuing to have that conversation."

It appears consumers are willing to continue that conversation in social and even to engage their friends in the process. BlueHornet found 37.3% of US email users shared emails with their social networks.

However, social-email integration involves more than using social to regurgitate email messaging. "What a lot of marketers have done is take their standard email and slap it into ShareThis for Facebook or Twitter, but there is absolutely no reason for anyone to want to share that email content outright," said McDonald.

For social-email integration to work, McDonald said, marketers need to focus on building email marketing campaigns from the ground up, centering the email on a share-worthy action.

McDonald offered as an example the King Arthur Flour Co., a CPG brand (and Silverpop client) that runs a holiday-season contest promoting creative baking ideas. The company uses email to encourage consumers to post images of their baked goods on the brand's Facebook page.

"What they're doing is actually creating a standalone campaign that has a compelling reason to motivate these people to share what they've created," said McDonald. "Consumers are excited to show off [King Arthur's] brand and what they made with it, and they end up doing King Arthur's marketing by sharing their creations out into their Facebook streams."

Click Mail Marketing's Kelly often sees another form of integration, where marketers pull user-generated content, such as reviews, directly into their email text. "It's one thing to say, 'Dan B. from Dallas loves our product,' but it's another to actually see Dan B. from Dallas' recommendation," he said. "Having that peer recommendation can drive trust, reduce the friction of the sale and leverage the power of social marketing within the email medium."

Display advertising is also commonly integrated with email. As of May 2012, 31% of companies polled worldwide by Econsultancy and Responsys had already integrated display ads with email and another 26% reported future plans to do so. In addition, 85% of respondents felt the trend toward integrating the two was significant to the future of display advertising.

Using display for retargeting can be an effective purchase reminder for consumers. Often tied to search or site activity, it can also be combined with email to follow up on opens, clicks and other email-initiated actions. At present, 24% of companies worldwide are taking advantage of this integration, using email behavior for display ad targeting.

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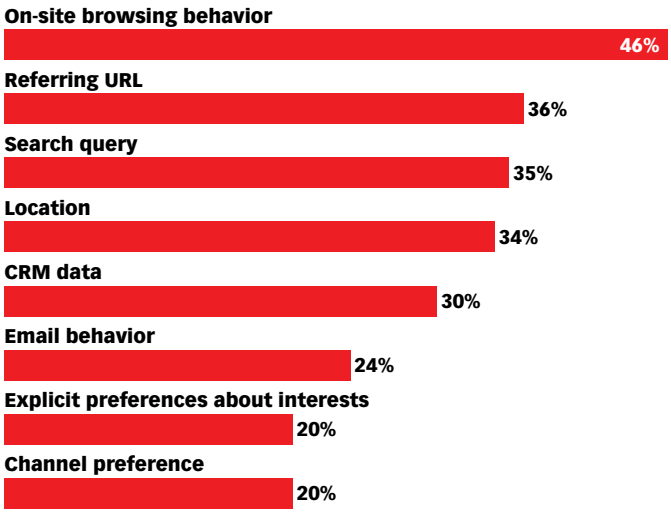
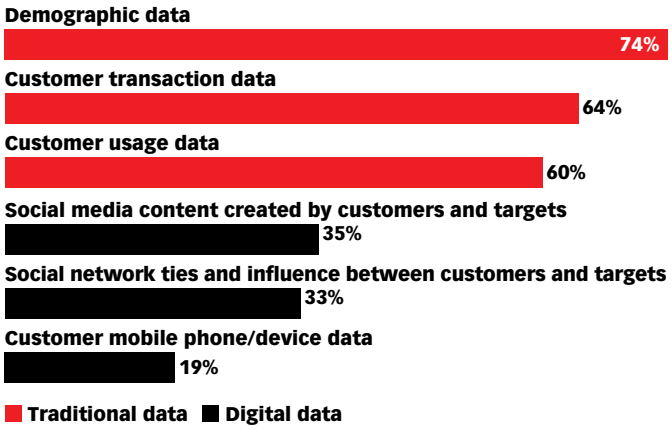
Types of Information that Companies* Worldwide Are Using to Target Their Display Ad Campaigns More Effectively, May 2012
% of respondents



*Note: n=125; *client-side or in-house marketers*
Source: Econsultancy and Responsys, "Cross-Channel Marketing Report 2012," June 29, 2012

142678 www.eMarketer.com

Type of "Big Data" Collected by US Marketers, Feb 2012
% of respondents



Source: Columbia Business School and New York American Marketing Association (NYAMA), "Marketing ROI in the Era of Big Data," March 4, 2012

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Using Data for Email Segmentation and Targeting

The push to integrate email with other marketing channels and the industrywide focus on Big Data has marketers looking beyond standard demographic and geographic data to behavioral and even purchase data.

"This year we have a lot of clients who are starting to see the value of behavioral targeted messages," said Epsilon's Loschen. "A lot of clients are weaving web analytic data back into their database to enable them to trigger messaging based on what they're observing about an email recipient's behavior."

Click Mail Marketing's Kelly has noticed the trend as well.

"Web behavior is extremely effective," said Kelly. "You've got all these different siloed off datapoints, whether it's the web analytics tool or CRM or call center or content management platform, and it's becoming very important for companies to be able to put all that data in one place to effectively tease out the right attributes of their audience to properly build audience segments."

The number of potential data sources at marketers' disposal is significant, and email is just one of many marketing channels for which a company will use this data. A majority of US marketers (74%) were tracking and collecting demographic data, followed by purchase data (64%) and customer usage data (60%), a form of behavioral data, according to a February 2012 study by Columbia Business School and the New York American Marketing Association.

"We're looking at consumer behavior patterns and finding their behavior through display or some other channel response, whether it's social or otherwise," said MediaWhiz's Kats. "We're then segmenting the data based on those behavior patterns we see and what we know about them in order to remarket to them more effectively."

Even as marketers grow more sophisticated in their data collection and usage, simpler forms of data, such as gender, client status and demographics, retain their importance. "Some of the most basic segmenting is about identifying customers versus prospects," said Kelly.

Kelly offered the example of a bicycle company segmenting its audience by gender to send females a newsletter that features a woman riding a bike, an image the recipient is more likely to identify with. "Even those simple things move you from a batch-and-blast approach to a more relevant message," he said.

Regardless of what data marketers use to segment their audience, most would agree the goal remains the same: creating a relevant, one-to-one marketing experience.

Though Kelly was quick to note that a one-to-one experience is the Holy Grail of marketing, for email marketers, creating the illusion of a one-to-one experience can be equally beneficial. "One-to-one marketing doesn't work with email," he said. "The ROI doesn't pay out on so much unique identifying and content creation, but the appearance of one-to-one marketing is excellent. By taking that audience down to the lowest subsegment and using dynamic content creation to appear like you're talking to someone, you can get fantastic ROI."

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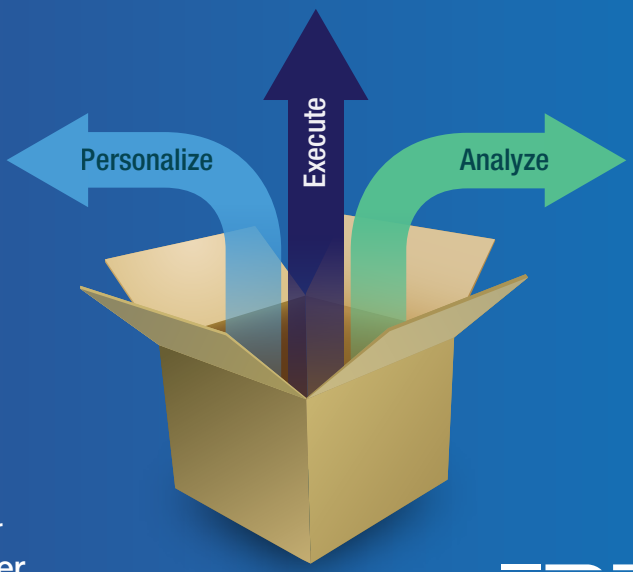

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