



retail EMAIL OVERLOAD

A FIRST INSIGHT CONSUMER RESEARCH STUDY

Email marketing is an **affordable** and **effective** way to reach and maintain customer loyalty and inspire purchases:



Email marketing campaigns return **\$44.25 in revenue** for every dollar spent.

The Direct Marketing Association, July 2015



50% of marketing executives estimate that **email marketing drives 15%** or more of their total revenue.

The Relevancy Group, August 2015

These statistics point to why email marketing campaign spending will continue to **increase 20%** annually, reaching **\$6.5 billion by 2018**.

But these stats only tell half the story. What about consumers? How do they feel about all these campaigns? Could you be losing them as you try to boost the effectiveness of your e-marketing campaigns?

In this study, First Insight asked 1,112 shoppers across the United States to weigh in.¹ They told us they only open 1 in 4 emails, and only 1 in 20 emails is relevant to them.
What can you do about it?

Six emails a week are too many

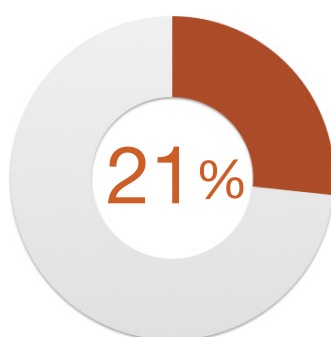
"Don't bombard me with emails and hope one sticks."

– 30-year-old male

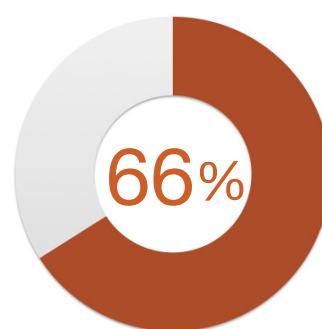
Like it or not, you're not the only one sending out emails to your customers. Our study found that the average consumer subscribes to 2.3 retailer email lists and receives 13.1 emails a week from these lists. On the high end, 5.8% of respondents receive 40 or more emails a week.

Consumers make it very clear that this is too much. When asked about the frequency of emails they receive, two-thirds of the consumers who receive six or more emails a week said it was "too many." Five or less emails a week is more palatable—just 21% of shoppers who receive this many emails think it's too many.

Percent of consumers who say they receive too many emails



Receive <5 emails per week



Receive 5+ emails per week

Most emails are not relevant

"[Retailers] send out many generic emails. They need to understand what I purchase and send out emails specific to my purchasing patterns."

– 55-year-old female

It's well known that retail has one of the worst industry averages for email open and click-through rates. The consumers in our study confirmed this, saying they only open 1 in 4 retail emails. When asked why they weren't opening more, a number of respondents cited the level of the discount and the repetition of the same offers. But by far their biggest complaint was lack of relevance. In fact, the average consumer told us that only 5.5% of the emails—about 1 in 20—were "personally relevant."



**1 IN 4
OPEN RATE:**
25% of emails from
retailers are opened



**1 IN 20
RELEVANT:**
5.5% of emails are
considered "personally
relevant"

1. The consumer retail survey polled 1,112 consumers across the United States regarding their thoughts about the marketing emails they receive from retailers and their impact. The survey was conducted on line between October 12 and November 5, 2015. The margin of error is +/- 2.86 percent. The survey was conducted to avoid peak retail seasonal promotion periods.

You're losing half of subscribers

"I took matters into my own hands and unsubscribed."

— 40-year-old male

"Annoying." "SPAM." Aside from "irrelevant," these were the two most common words consumers used to describe their experience with retail emails. Only 17.9% of respondents told us that "based on the emails I receive, I feel that retailers understand me." Is it any wonder?

For many, the lack of personal connection and the sheer volume of emails are the final straw. Almost half, 45%, of consumers have unsubscribed from a retailer's email list in the past 6 months.

HERE'S WHAT YOU CAN DO:

Find the consumers who love e-mail

We found a pocket of consumers, 8%, who actually enjoy receiving emails. These consumers told us they were okay with receiving at least 10 emails a week. Some even told us they receive too few emails. On average, this group opens 59% of the retail emails they receive and find 28% of their emails "personally relevant" - significantly greater rates than their fellow consumers.

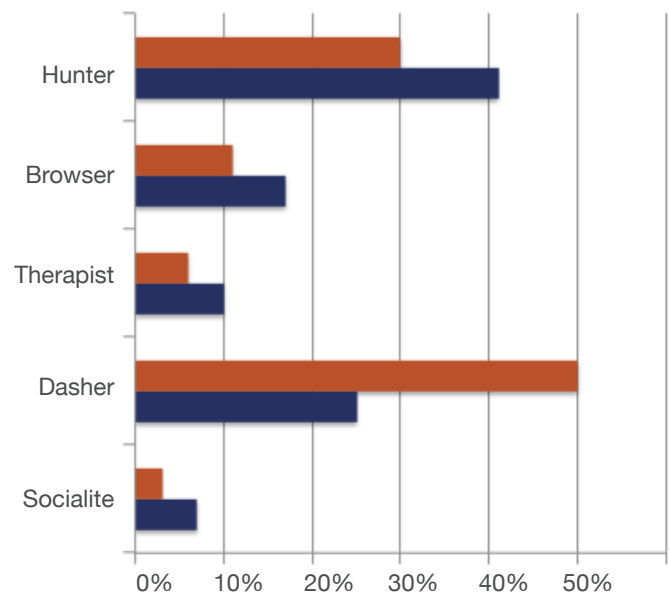
Not surprisingly, this group was 73% more likely to tell us that they "like" or "really love" shopping, and 44% more likely to spend more than \$500 a year on clothes for themselves.

In order to better understand this group, we asked them how they shop. We applied shopper types adapted from research done by academic experts in retail consumer behavior from Michigan State and Deakin University in Australia²:

- **Dasher**—knows what they want, gets in and out as fast as possible.
- **Hunter**—always on the look out for a great deal.
- **Browser**—enjoys browsing stores alone to discover latest trends.
- **Therapist**—finds shopping to be very therapeutic.
- **Socialite**—treats shopping as a chance to spend time with friends.

The table on the right compares all respondents to those we've characterized as email fanatics. While half of all shoppers identified themselves as "Dashers," only 25% of email fanatics did so. Instead, they were significantly more likely to identify as "Hunters" and "Browsers." So if you want to find the consumers in your database who really love emails, find a way to ask them how they shop and how much they like shopping.

Percent of respondents by self-described shopper type



	All respondents	Email fanatics
Hunter.....	30%	41%
Browser.....	11%	17%
Therapist.....	6%	10%
Dasher.....	50%	25%
Socialite.....	3%	7%

The Best Advice: Get to know consumers better

Consumers sign up to receive your emails because they want to have a closer relationship with you. They like your brand and your products and they're interested in buying more.

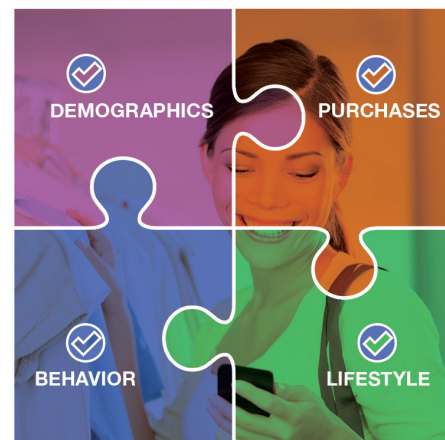
To build any meaningful relationship, you need to put in the effort. The same holds true for the consumers in this study. When asked what advice they have for retailers on how to improve their email communications, the most common responses revolved around getting to know them better:

- "Find out what kind of clothes I'm most interested in." —25-year-old female
- "Make your emails more age appropriate." —60-year-old female
- "The shotgun approach really aggravates me." —30-year-old male

Big Data holds the key to building the intimacy these shoppers describe. This is more than the basic demographic and purchase data locked in your CRM system. It also extends to:

- Scraping social media for insight into their passions (lifestyle)
- Finding a deeper level of demographics that help explain who they are
- Understanding how and why they buy (buying behavior)

Pulling together and making sense of all this data is a real challenge—a challenge that 76% of marketing executives struggle with according to a 2014 Razorfish & Adobe study.



Getting there is worth it

The consumers in the study appear willing to reward those retailers who make an effort to get to know them better. As you can see in the table on the right, doing a better job at understanding individual consumer's desires can lead to increased open rates, more brand loyalty and referrals to friends. These are exactly the kind of behaviors you want your most dedicated customers to exhibit.

Percent of consumers agreeing with each statement



About First Insight:

First Insight is the world's leading provider of solutions that incorporate the voice of the customer into the design, merchandising, and marketing of new products. The First Insight solution gathers real-time consumer input into new products and applies predictive analytic models to help retailers, brands and manufacturers design, select, price and market more successful products.

First Insight's InsightTargeting solution helps retailers and brands:

- Develop highly actionable customer segments to drive marketing strategy.
- Identify the specific products, messaging and promotions that will drive conversions with each segment.

For further information please visit www.firstinsight.com.