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A retailer's guide to 2015 email trends

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Research methodology

Over 200 respondents in the U.S. took part in this August 2015 research, produced by Research Now for Experian. Participants came from a variety of company sizes, from small to enterprise. Participants were allowed to select multiple answers that pertained to their business, and as such, the percentages in this report will not necessarily add up to 100 percent.

Summary

No matter what the season, retailers continually strive to improve in several key areas: a customer's digital and in-store experience, the effectiveness of their marketing promotions and how to address rising consumer expectations around fast, flexible fulfillment and customer service.

At the crux of these key initiatives for retailers is effective communication. And the one communication channel that grows increasingly important in this always-on and hyper-connected age is email.

Especially surrounding the busy seasons —i.e. the holiday months and seasonal peaks—emails are a major factor in pulling consumer traffic and sales as well as for driving people into stores. Both revenue- and non-revenue related objectives are tied to successful email marketing, so retailers need to ensure they stay on top of industry benchmarks and best practices.

This report will detail the findings of an Experian research study as it relates to email in the retail industry. This report will cover how retailers deal with email database management, collection and deliverability challenges, how they track email marketing success and what methods they use to ensure good email data quality. Our goal is to educate retailers on industry email trends, challenges and imperatives so that they may have adequate insight on where to improve future objectives.

Laying down the email landscape for retailers

Retailers recognize that email continues to pull its own weight in driving in-store traffic and sales. As a channel, email has a reach that other methods of communication and outreach simply do not match. It has been and still is the primary digital channel used to communicate sales, promotions, updates and the like to recipients. And with more and more shopping and researching done on mobile devices, retailers must continue to innovate the role of email to surpass consumer expectations.

However, in order to optimize the use of emails, retailers must think about components that go into its success, mainly:

• Email database maintenance

• Good email collection practices

• Maintaining good deliverability

• Tracking email marketing success

• Increasing subscriber interaction

• Implementing regular data cleansing

These six areas are foundational elements that comprise good email practice. When successfully managed, retailers can ensure that the building blocks of their email marketing initiatives are sound.

Email database maintenance

Ninety-two percent of retailers are collecting customer email addresses during some point of interaction. The most popular channels used for customer data collection are at point-of-sale (77%) and the website (71%). However, collecting emails at point-of-sale is often cited to be the most challenging in terms of quality control. Retailers often state that the emails collected at point-of-sale are anywhere from 15 to 40 percent invalid.

Aside from mistyping and other forms of human error, there are a couple of reasons for this high inaccuracy rate that have to do with the incentivization of email collection to meet a database size target.

Retailers will sometimes provide associate incentives to drive email collection during point-of-sale. The focus on capturing as many emails as possible to reach the incentive can prompt rushed and inattentive data entry, and even invite the possibility of fradulent email collection practices.

The next most popular channel for email collection is through mobile sites or mobile applications (45%). Nearly 90 percent of millennials—millennials being individuals aged 18 to 34—always have their smartphones by their side, day or night.[1] Retailers recognize the huge potential to use mobile as yet another touchpoint to collect email addresses and are acting on it accordingly. Other common channels retailers use to collect email addresses are through events (38%) and the call center (31%).

Chart 1
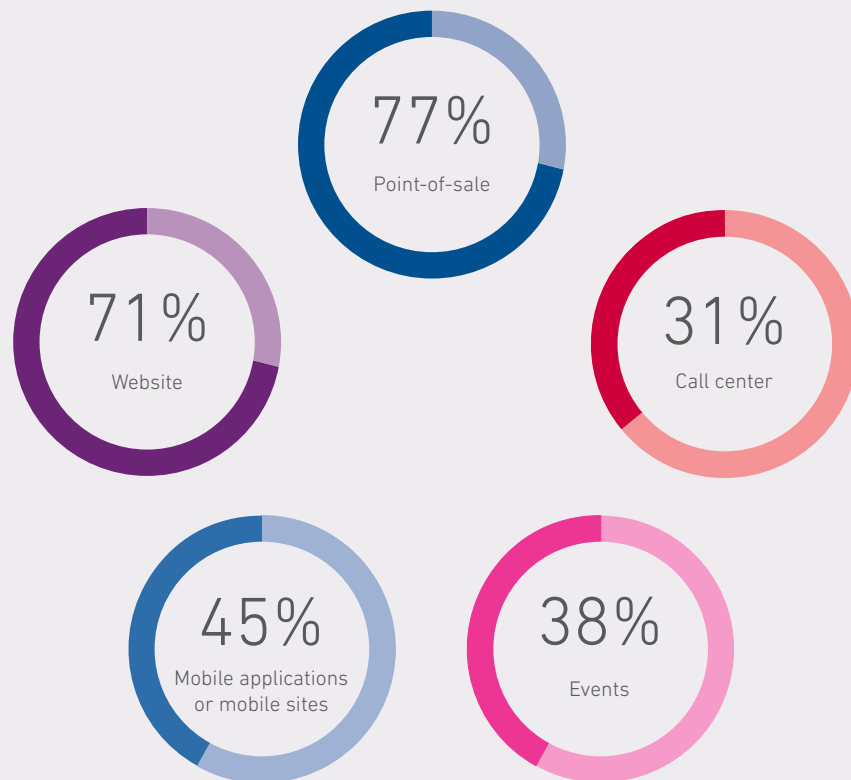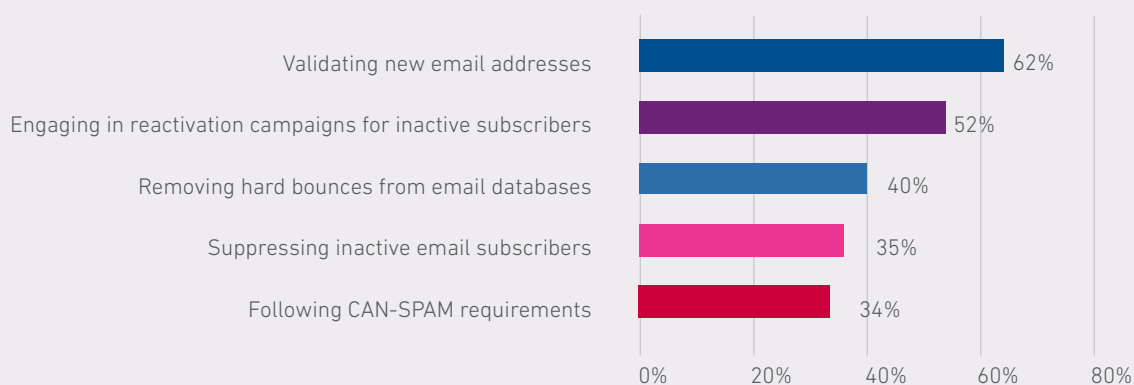Most popular channels retailers use to collect email addresses:

77%
Point-of-sale

31%
Call center

71%
Website

45%
Mobile applications
or mobile sites

38%
Events

Chart 2
Most popular methods for retailers to manage email databases:

Method	Percentage
Validating new email addresses	62%
Engaging in reactivation campaigns for inactive subscribers	52%
Removing hard bounces from email databases	40%
Suppressing inactive email subscribers	35%
Following CAN-SPAM requirements	34%

0% 20% 40% 60% 80%

Another method used to acquire email addresses is through list purchasing. Twenty-two percent of retailers do this for various reasons: to provide their sales department leads to work with, to blast email campaigns in the hopes of increasing their audience, to achieve quick results, etc. However, purchasing lists is considered poor practice because the quality of the lists cannot be trusted, and email service providers can flag businesses as using illegitimate email practices, ultimately impacting inbox placement rates.

In essence, retailers acquire email addresses using a number of channels and methods. They also realize the importance in managing their email databases to ensure that the emails are usable—in fact, 90 percent of retailers manage their email database in some capacity.

The most popular method for managing email databases are to validate emails in real time, as they are collected. Customers are looking for ways to feel valued and make their lives easier, and that expectation is set right from the moment they provide their email addresses. Anything from e-receipts, promotional updates, notifications on sales or

updates to blogs should not only provide relevant value, but they should reach the customer in a timely fashion. That can only be done if retailers have the correct emails right from the beginning.

Other methods to maintain an email database are to remove hard bounces (40%), suppress inactive email subscribers (35%) and follow CAN-SPAM requirements (34%).

In regards to managing inactive subscribers in the database, 52 percent of retailers will implement reactivation campaigns. Retailers typically work with email databases of over 5.1 million records and oftentimes up to 75 percent of that database can consist of inactive subscribers![2]

Did you know?

On average, **22%** of retailers feel their email database is invalid or inaccurate.

Reactivation campaigns are great ways to manage the quality of databases and keep them up to date; however, inactive emails should be validated before use to counteract the natural decay of databases.

The research study uncovered that the larger the organization, the more likely they were to manage their email database—40 percent of businesses with under 25 employees do not manage their email database. It was also discovered that the larger the organization, the more likely they were to engage in reactivation campaigns—over 50 percent of companies with over 1,000 employees engage in reactivation campaigns.

Good email collection practices
We know that 92 percent of retailers are collecting customer and prospect email addresses. Not surprisingly, 92 percent of retailers also face challenges during the collection of those emails.

The biggest challenge in collecting email addresses is understandably human error (69%). Reasons behind human error include fat-fingering keys, rushed employees, speech barriers, multi-tasking during peak seasons or fraudulent data entry practices to reach quotas.

Other challenges that retailers face include customer privacy concerns (53%), the speed of data collection (26%) and linking information across channels (22%). We can see from these challenges that retailers are attempting to balance speed and accuracy when it comes to collecting emails and being able to link them across the numerous channels they are collected from. Larger businesses are more concerned about consumer privacy than small businesses when collecting email addresses—60 percent of companies with over 5,000 employees say consumer privacy is a concern. This statistic is to be expected given that larger companies are much more affected by public perception and thus are more suceptible by positive and negative publicity.

Only 14 percent of retailers are concerned about the lack of infrastructure to collect data. But, de-prioritizing a solid infrastructure can impact your ability to draw accurate conclusions from that data downstream.

Research reveals that 22 percent of retailers believe their email database to be invalid or inaccurate. This is a troubling statistic for many reasons. If not the fact that email is critical in virtually all B2C communications, then consider the havoc inaccurate or duplicate emails can wreak on the ability to reach a single customer view or optimize cross channel efforts.

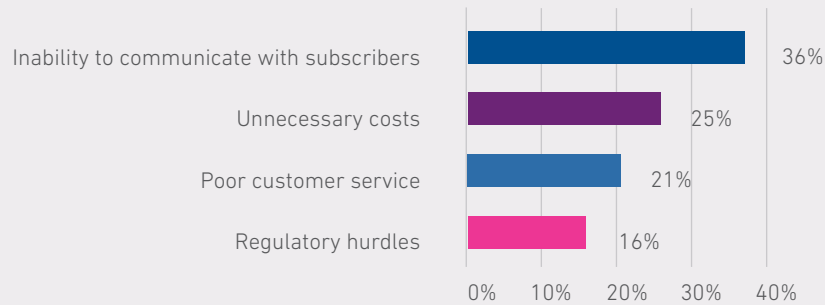**Maintaining email deliverability**
The relatively low cost to ease-of-use ratio make email a very attractive channel to use. The caveat here, however, is ensuring that those emails get delivered to the inbox in the first place.

Ensuring good email deliverability is a mammoth task for all businesses prioritizing communication with recipients. Good deliverability ensures that emails sent from a business will reach the intended inbox and is an important factor in how successful an email marketing campaign is.

However, 71 percent of retailers have experienced deliverability issues in the past 12 months. Among the consequences of poor deliverability, the most damaging was the inability to communicate with subscribers (36%). This was followed by unnecessary costs (25%) and poor customer service (21%), two consequences that conflict directly with most retailers' initatives to reduce costs while living up to rising consumer expectations of order fulfillment and customer service.

The trailing consequence is facing regulatory hurdles (16%) from anti-spam laws and consumer protection settings from internet service providers and email service providers.

Chart 3
Most common consequences that occur as a result of poor deliverability:

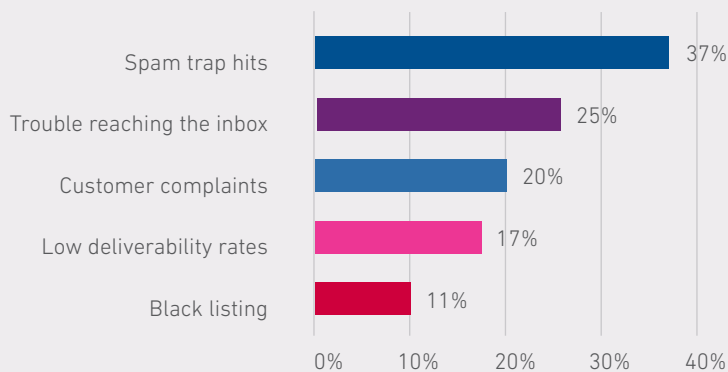| Consequence	Percentage
Inability to communicate with subscribers	36%
Unnecessary costs	25%
Poor customer service	21%
Regulatory hurdles	16%

0% 10% 20% 30% 40%

There are additional consequences that affect deliverability as well. The graph below illustrates some metrics that impact a business's sender reputation, which in turn impacts the business's overall deliverability.

In the last 12 months, retailers have experienced spam trap hits (37%), had trouble reaching the inbox (25%), experienced customer complaints (20%), had low deliverability rates (17%) and an unlucky few were blacklisted (11%).

Research revealed that smaller organizations were more likely to experience deliverability challenges than larger organizations. Delving more into why this is, smaller organizations may have less structure surrounding data collection processes, data cleansing processes and overall data management strategies than their larger business counterparts.

Chart 4
Harmful secondary consequences that affect deliverability:

Consequence	Percentage
Spam trap hits	37%
Trouble reaching the inbox	25%
Customer complaints	20%
Low deliverability rates	17%
Black listing	11%

0% 10% 20% 30% 40%

Tracking email marketing success
Just as there are innumerable types of retailers, there are as many different ways that those retailers measure the success of their email marketing.

Ninety-four percent of retailers attempt to track the success of their email marketing efforts. The majority do so via revenue attribution of their marketing efforts (52%). Some other common metrics that retailers track are the number of emails opened (41%), number of clicks (41%), the value of each email collected (38%) and the number of leads or opportunities gathered from those marketing campaigns (37%).

Because there are many different facets that go into successfully measuring email marketing success, it is difficult to come up with an accurate ballpark for the revenue or value attributed to each email. However, every email marketer should strive to understand the costs of each campaign,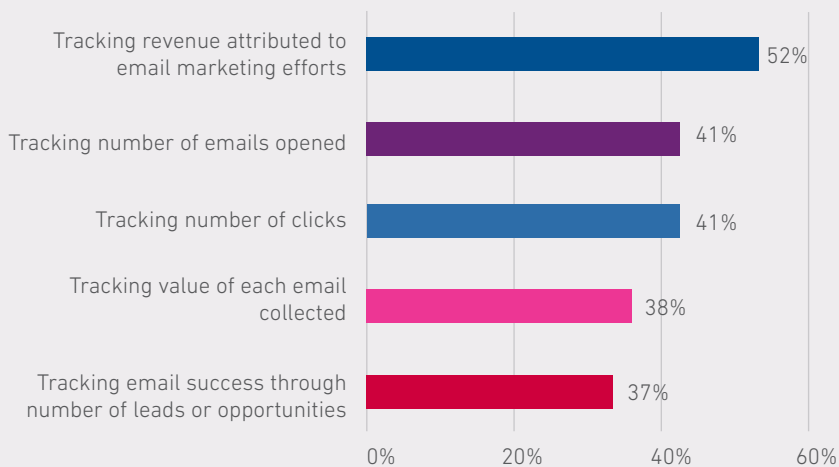 including the development of creatives, applicable campaign programming and all send costs in order to measure email marketing success from a contribution standpoint.

Increasing subscriber interaction
Increasing subscriber interaction is an initiative that 91 percent of retailers feel they could improve upon—and in fact, 64 percent are tracking user interaction within the email channel to do just that.

Most email recipients do not interact or take any sort of action with the emails they receive. Based off our research, retailers believe only 41 percent of subscribers interact with their messages. There are, however, definite methods to increase this likelihood.

Chart 5
Different methods used to track email marketing success:

Method	Percentage
Tracking revenue attributed to email marketing efforts	52%
Tracking number of emails opened	41%
Tracking number of clicks	41%
Tracking value of each email collected	38%
Tracking email success through number of leads or opportunities	37%

Today's consumer expects retailers to be at their beck and call; quick order fulfillments, 24/7 customer service, immediate email communications, etc. The key to providing a successful experience in each of those areas is providing relevant, personalized and timely content.

Not surprisingly, the most popular ways retailers believe they can improve email interaction directly relates to those three things. 49 percent believe that increased personalization is key to increased interaction. Providing content that's more relevant and having accurate and complete email addresses in order to reach those recipients are the next most popuar methods at (49%) and (38%), respectively. A number of retailers (36%) think that better customer name data could improve subscriber interaction. This could include personalized touches such as inserting first names in emails and finding and matching customers in databases. However, it is important to point out that addressing customers on a first name basis is no longer enough to be considered personalized. Examples of message personalization include product recommendations based off past purchases and email content that speaks to the languaged used by the target demographic.
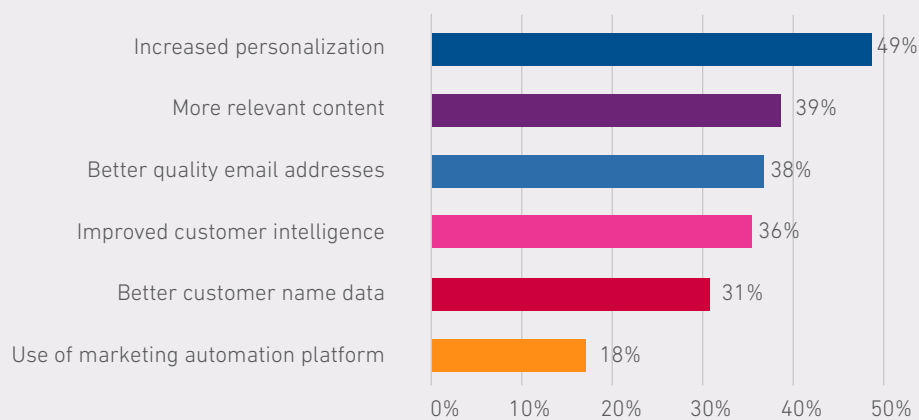
When it comes to email interaction, small and large businesses vary widely on how they think subscribers would be driven to interact more with messages. This is to be expected; smaller retailers should have enough dexterity to segment their databases accordingly for personalized content, and thus should focus on making sure that the emails they collect are accurate and complete. Larger retailers must focus their efforts on personalizing messages, simply due to the fact that their email database is infinitely larger to work with and segment.

Also worth pointing out is that those in smaller organizations think better quality email addresses are more likely to improve subscriber interaction. Those in larger

Chart 6
Most popular ways retailers feel they can improve email interaction among subscribers:

Category	Percentage
Increased personalization	49%
More relevant content	39%
Better quality email addresses	38%
Improved customer intelligence	36%
Better customer name data	31%
Use of marketing automation platform	18%

businesses believe increased personalization is more likely to drive email interaction.

Implementing regular data cleansing
Research has revealed that there is no consistent way across businesses to perform data cleansing. However, retailers do employ a variety of data cleansing practices to ensure that their emails are continually being safeguarded against quality issues.

The most common method for retailers to clean their emails is daily batch processing (26%). This means they send over a file containing all the new emails collected that day for validation. Real-time validation at point of capture is the next most common method (16%). This method is thought to be the best way to maintain good email data quality—by validating emails before they enter the database, any downstream issues caused by inaccurate or invalid emails are mitigated.

Six percent of retailers do not perform any data cleansing; this may be due to technology limitations or legacy data processes. However, not performing any email data quality checks means reducing the success rates of everything those emails are used for.
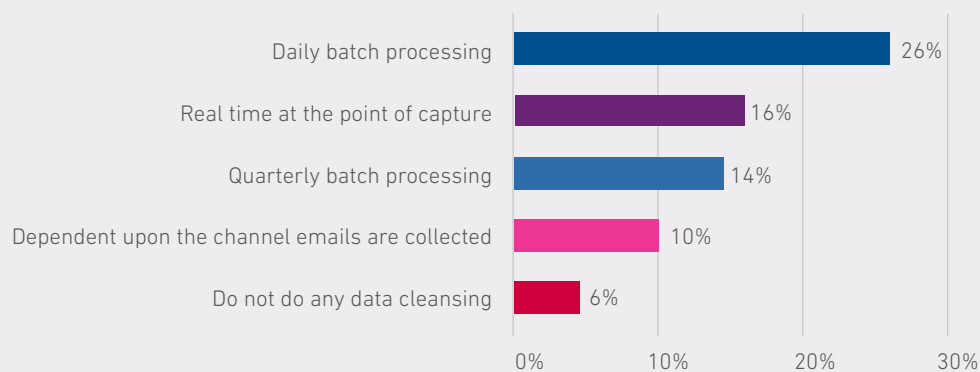
Did you know?

Six percent of retailers don't perform any data cleansing!

Remember: Not validating emails means lower campaign success, decreased response rates and reduced lead numbers.

Chart 7
Frequency of data cleansing:

Category	Percentage
Daily batch processing	26%
Real time at the point of capture	16%
Quarterly batch processing	14%
Dependent upon the channel emails are collected	10%
Do not do any data cleansing	6%

Key takeaways

Retailers are in the unique position of having firsthand contact with the end user: the customer. They must be quick to adapt to consumer expectations surrounding availability, product, shipping and order notifications and customer service. Increasingly, the success of these initiatives depends on the effective management of email. Keeping up with these key email trends and challenges are vital for retailers to continually innovate and improve their own email initiatives.

Real-time validation at point of capture

Having bad email data quality is akin to using paper mache as the foundation for a building. Using a weak foundation means that all-important customer communications are left by the wayside. Many retailers implement or are implementing real-time email validation in order to take a proactive approach to mitigating invalid emails before they ever hit the database. This proactivity helps ensure better email data quality in the long run.

Begin tracking email success metrics

While these metrics differ from retailer to retailer, there are common metrics that every retailer should track as a starting point. Some examples include:

• Bounce rate

• List growth rate

• Click-through rate

• Conversion rate

• Email sharing rate

ROI per email (calculated by dividing the total revenue generated from a particular campaign by the number of emails sent)

Manage email deliverability

Good email deliverability ensures that emails reach the inbox. The more serious consequences of deliverability include black listing, poor customer service and regulatory hurdles. These consequences can cause long-term issues for retailers, and when looking to improve deliverability, the ways to tackle it can seem overwhelming.

However, there are four main aspects of deliverability to consider:

• Unknown users

• Spam traps

• Complaints

• User engagement

While deliverability is the sum of many parts, if retailers are continuously working on improving those four areas, achieving good deliverability does not have to be as hard as thought to be.

Conclusion

Email trumps all other communication channels in terms of accessibility and efficiency. Its importance only continues to grow—particularly for retailers, who must balance increasing consumer expectations about when and how frequently they are contacted as well as stay within budgets.

It's important to keep in mind that there are a lot of components that go into succesful email initiatives. The trends and challenges discussed in this report detail the most pressing initatives faced by retailers in 2015. By keeping up to date with industry trends, retailers can have adequate insight on where to improve future objectives.

Improve your contact data quality and maximize your ROI. Let us help you.

Learn more

Sources:
1 http://www.cmocouncil.org/facts-stats-categories.php?category=mobile-marketing
2 MarketingSherpa