



ASSESSING THE RETURN ON EMAIL MARKETING STRATEGY

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*Insights from
the Email
Maturity
Framework*

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Insights from the Email Maturity Framework

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Introduction

Email is a critical channel for marketers and consumers alike. As social media has matured, and more consumers spend time communicating with brands through other channels, many observers have incorrectly assumed that email is less popular with consumers, and therefore less effective as a marketing channel. According to a recent study conducted by Adobe, respondents estimated spending on average 6.3 hours each weekday checking their email - 3.2 spent checking work email, and 3.1 spent checking personal email. Recent data from The Relevancy Group reveals that 91 percent of marketing executives believe that email is the single most effective channel for driving revenue. Despite the fact that email is alive and well, data from Adobe indicates that two-thirds of marketers are less than satisfied with their email marketing efforts.

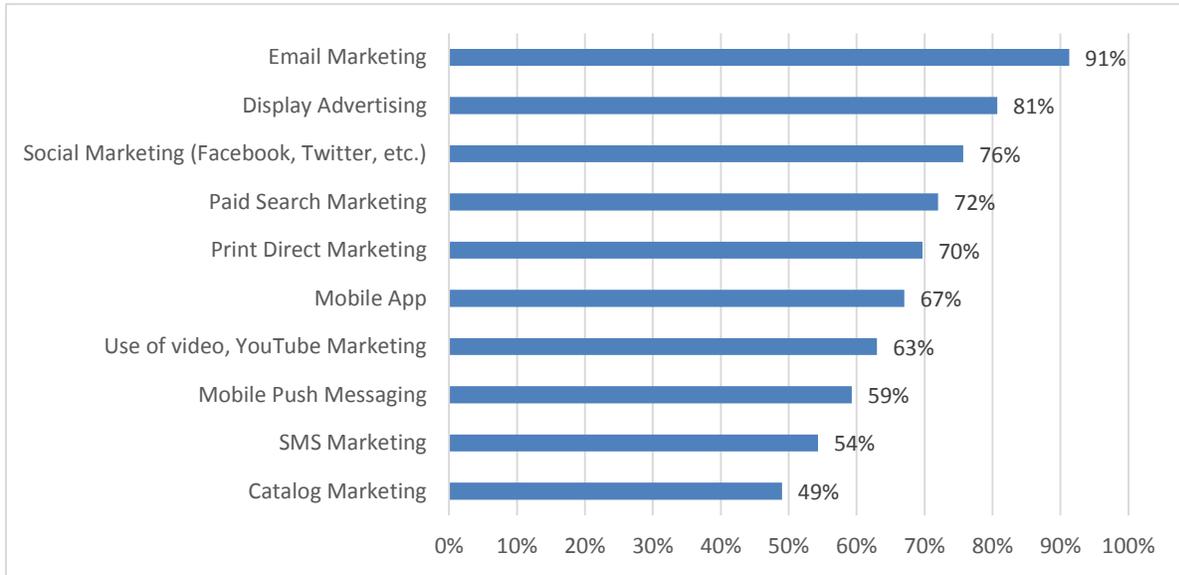
The Relevancy Group and Adobe partnered on a research study that analyzed the strategies and tactics being employed by email marketers. We then categorized respondents into three buckets based on program sophistication: classic, dynamic, and contextual. The data reveals that marketers who are able to harness the power of real-time, contextual data are far more satisfied with their programs, and drive higher revenue than those who stick to the basics.

Significant opportunities currently exist for email marketers to better address their data management, delivery and content strategies to power coordinated cross-channel campaigns that delight customers and drive increased return on investment.

Section I. Email Marketing Remains a Critical Channel for Marketers of All Stripes

As digital marketing continues to mature, and online channels develop and morph in new and exciting ways, email remains a bedrock of most marketer toolkits, and is the channel they rely as the most effective for driving revenue. In a survey conducted in the Spring of 2015 of more than three hundred marketing executives from both the mid market and enterprise, 91 percent of respondents indicated that Email was their most effective channel (Figure 1). Display Advertising, Social Marketing, Paid Search, and Print Direct are of varying degrees of effectiveness for mid-market v. enterprise marketers, but both segments agree that Email reigns supreme.

Figure 1. – Email is Most Effective Channel for Driving Revenue

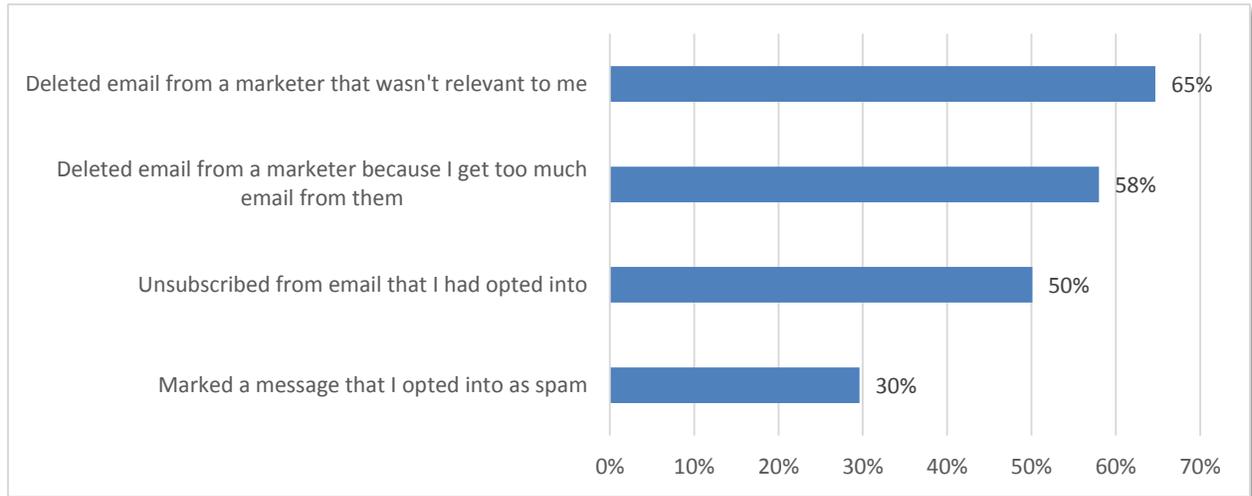


Question: Please rate the effectiveness of each channel in terms of delivering revenue results for your business – (top 2 summary). Source: The Relevancy Group Executive Survey April, 2015, n=300, US Only.

These findings are not particularly surprising to digital marketing veterans who have relied on the relative low cost and tight measurability that the email channel has offered for well over a decade, but to the new breed of sophisticated, contextual marketers, the channel has become even more critical. A prerequisite for signing up for virtually any online product or service (from Amazon to Facebook and Twitter), email is unquestionably the digital fingerprint that ties user identity together across channels. As marketers better coordinate campaigns and messaging across online and offline channels, and tie together data from disparate sources, email becomes the necessary glue to bind these data together and generate a unified, comprehensive view of the customer.

Recent data from The Relevancy Group’s annual consumer survey highlights the potential implications for marketers who do not employ the appropriate strategies and tactics to drive relevant email communications, and they are dire (Figure 2). Sixty-five percent of consumers stated they deleted irrelevant communications while 50 percent reported that they had unsubscribed. More troubling is the 30 percent of consumers revealed that they ‘report as spam’ those messages that fail to engage them. The ‘complaint rate’ is a critical metric in determining whether messages reach the inbox or bulk folder, so marketers who don’t allocate the appropriate resources to driving relevancy in their programs, risk not only alienating their existing customer base but also risk negatively impacting their ability to reach future customers. Consumer expectations are most certainly on the rise and marketers who do not meet, or exceed, them, will be leaving money on the table.

Figure 2. – Implications of Not Sending Relevant Email Marketing Communications



Question: Which of the following have you done in the last six months? Source: The Relevancy Group Consumer Survey March, 2014 n=1,011, US Only

While the risks of not managing data appropriately to drive relevance are severe, the rewards of effectively integrating and coordinating can be enormous, and marketers today understand this. In July 2015, Adobe fielded a survey of two hundred twenty marketers, and segmented results into three categories based on their Email Marketing Self-Assessment model:

Classic – Classic marketing organizations leverage many of the basic strategies of email marketing, such as emailing lapsed customers, including basic personalization fields, and cross-selling, but still haven't adopted the deeper personalization and segmentation strategies that set Contextual marketers apart. To move up the rung, marketers must leverage more dynamic content, and adopt a more customer-centric marketing strategy. The Classic segment represents the least mature segment of email marketers.

Dynamic – Dynamic marketing organizations utilize more advanced, real-time strategies, such as automated remarketing, coordinating emails with other channels, and capturing customer feedback. These companies employ a more customer-centric approach than their counterparts in the Classic segment, but their programs have room for improvement. To become Contextual, marketers must better leverage digital channel insights combined with emails to deliver a totally unified customer experience. In addition, companies need to use contextual data such as geolocation, time, and weather at the point of open to deliver more relevant and useful email and mobile experiences.

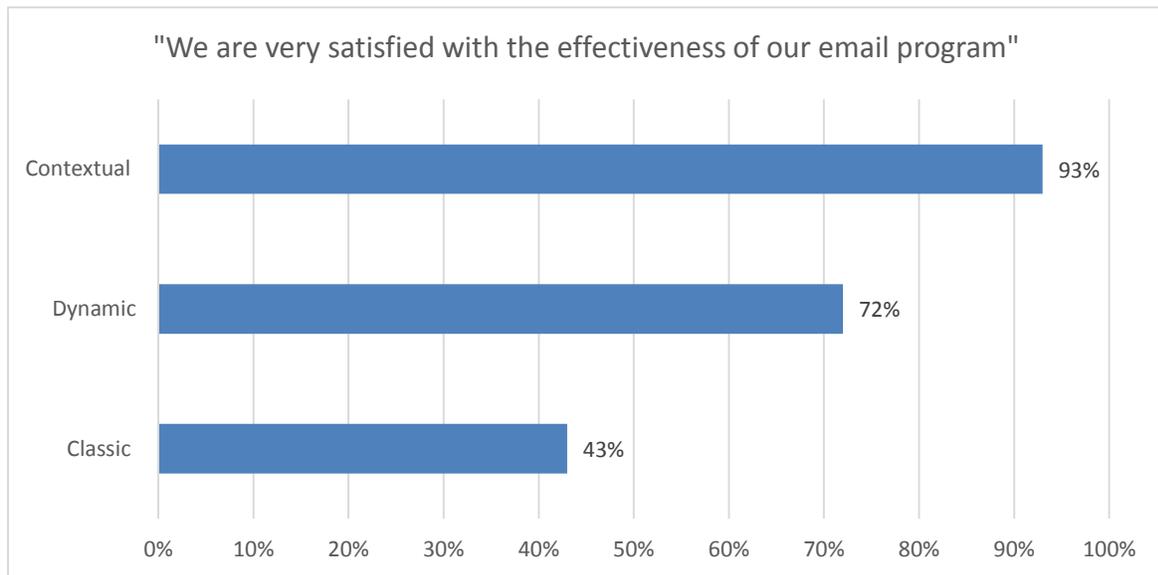
Contextual – These marketing organizations employ some of the most sophisticated, contextual email marketing strategies. These firms demonstrate a strong proficiency in data management and access, strong content management and personalization strategies, can deliver real-time and contextual email experiences, and have the executive buy-in and support needed to

succeed. These marketers are the most sophisticated and routinely deliver highly relevant marketing messages that delight their audiences.

A whopping 93 percent of marketers defined as ‘contextual,’ strongly agreed that they were ‘very satisfied’ with the effectiveness of their programs, while 72 percent of ‘dynamic’ marketers felt similarly, and only 43 percent of ‘classic’ email marketers ‘strongly agreed’ that they were satisfied (Figure 3).

The Relevancy Group believes these data points highlight that the email marketing landscape is ripe for disruption and innovation, and that the vendors in the space who enable their customers to drive more contextually relevant and effective programs in this increasingly demanding environment will be well positioned to capitalize on the opportunities that invariably follow.

Figure 3. – Most Classic Email Marketers are not Satisfied



Question: Please rate the degree to which you believe each of the statements below: Describe the state of email marketing practice in your organization in terms of email strategy: We are very satisfied with the effectiveness of our email program. Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

Section II. The Email Maturity Model – Road to Contextual Relevance

Adobe created the Email Marketing Self-Assessment model to establish benchmarks on current email marketing capabilities, and better understand the key strategies and tactics that email marketers employ. The specific inputs to the model are broken into four categories: Email Data, Email Content, Email Delivery, and Email Strategy.

Email Data – Email creates a tremendous opportunity to gather data and insight into customer behavior before, during, and after the click. Keys to capitalize on the opportunity include:

- Easy access and ability to manage the email marketing database
- Integration of various data sources, such as purchase info, CRM data, and third party data
- The ability to enhance customer email marketing data over time, enriching insights
- Testing, targeting, and segmenting different areas of ones customer base in real-time
- Measuring, managing, and impacting click, open, deliverability, and bounce rates

Email Content – Relevant, personalized, and engaging content is key to designing effective email marketing campaigns. Requirements include:

- The ability to create and manage email content with drag and drop design tools
- Easy access to an asset repository that allows marketers to upload and import images for emails
- Leveraging customer database information to deeply personalize email content
- Tapping into contextual data such as location, date, time, weather to enhance email as they are opened
- Tools to effectively collaborate with external agencies to create email content

Email Delivery – Being able to deliver emails to the inbox, in near real-time, in conjunction with other channels is critical to effective email marketing programs. Keys include:

- Executing specific marketing messages like email from within a single platform
- Easily automating and orchestrating a series of emails that flow together with other channels
- Consistently high email deliverability rates with ISPs – 95%+
- The ability to deliver real-time triggered or transactional mail based on events
- The ability to build, automate, and deliver exceptional customer experiences from a single marketing tool

Email Strategy – Having a comprehensive email strategy, including executive buy-in and clearly defined tactics are crucial for email program success. Components include:

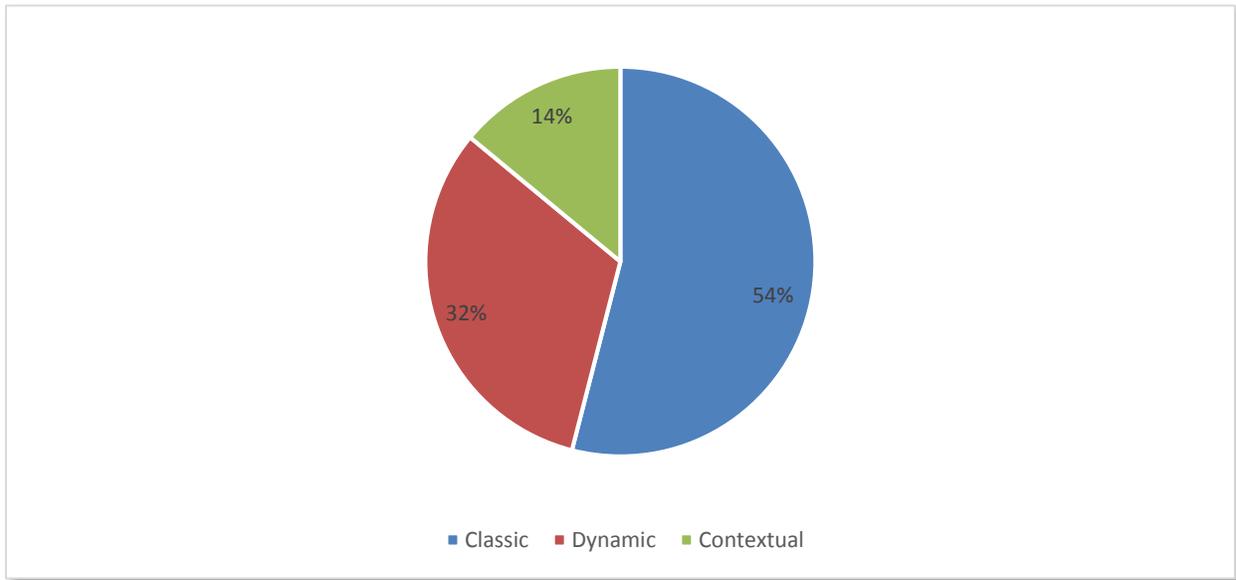
- Executive buy-in on the progress and strategy around email programs
- Customer centric (i.e.: listening and reacting) engagement tactics vs. product centric (ie: pushing offers)
- Ability to collaborate effectively with other channel owners to drive integrated marketing campaigns
- Clearly defined strategy for communicating and interacting with customers across channels and/or devices over time

Based on the inputs outlined above, and depending on the weighting of each, The Email Marketing Self-Assessment model quantifies email marketing program maturity and categorizes each [in order of sophistication]: Classic, Dynamic, Contextual.

Section III. Benchmark Data – Where are Email Marketers Today?

When the data from Adobe’s July 2015 survey is run through the maturity model, 54 percent of respondents are classified as Classic, 32 percent Dynamic, and 14 percent Contextual (Figure 4).

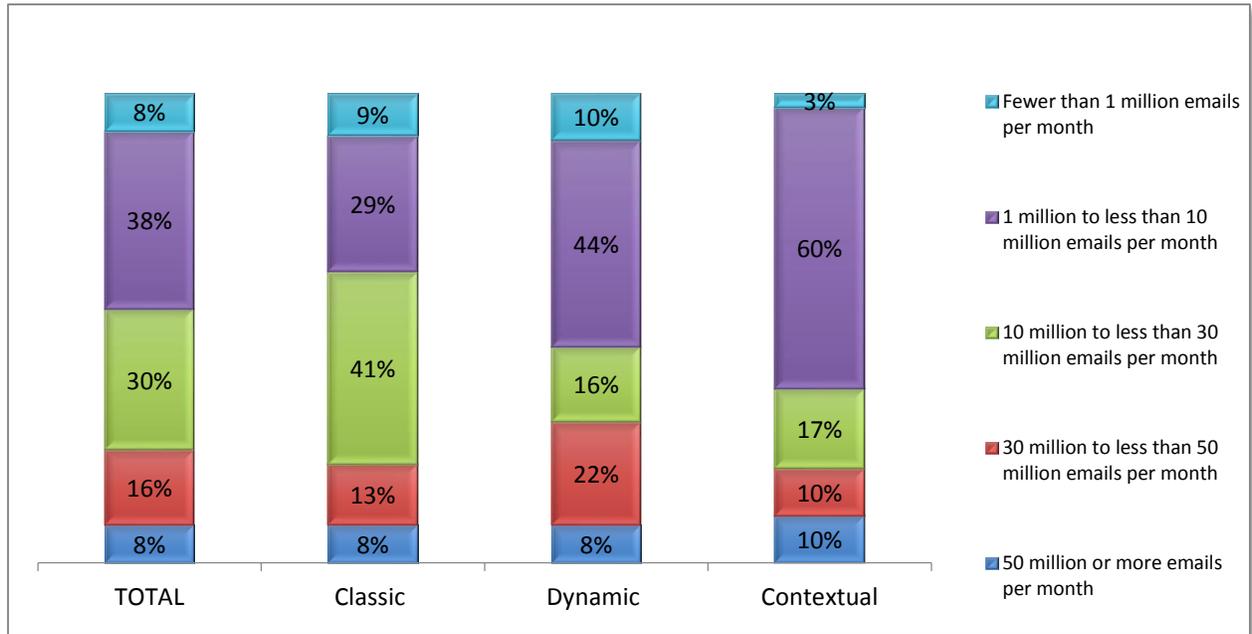
Figure 4. Breakdown of Email Marketing Maturity



Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

The majority of survey respondents preside over relatively simple, but useful email programs. They send higher volumes than contextual marketers (Figure 5), but face greater challenges than their more sophisticated counterparts. The data indicates that contextual marketers are able to do more with less, sending fewer, but more effective messages.

Figure 5. - Average Volume of Marketing Emails Sent (Per Month)



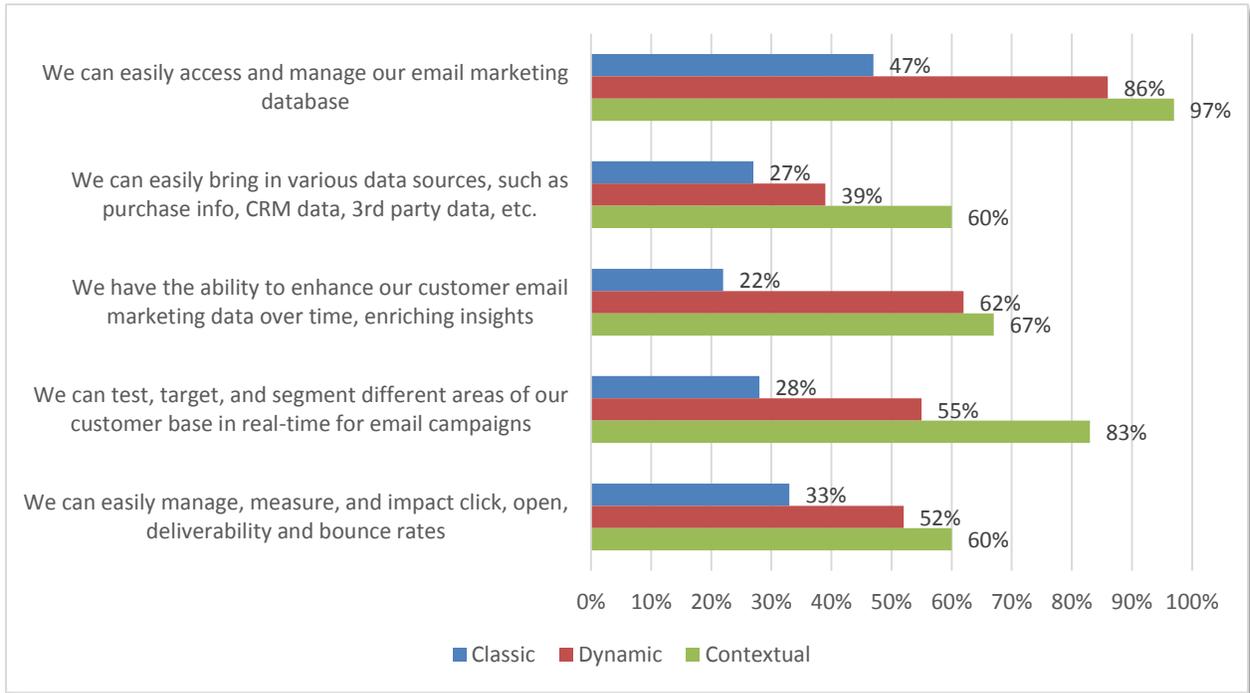
Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

Where Are Email Marketers Today in Regards to Data?

Solid data management practices are an absolute prerequisite for mature email marketing programs. Dynamic and Contextual marketers have invested in the people, process and technology to effectively integrate cross-channel data sources and make them available for use in segmentation, targeting, and most importantly, ongoing campaign optimization. Classic marketers have work to do in this area.

While 47 percent of Classic email marketers agree that they can easily access their email marketing database, only 22 percent report that they have the ability to enhance customer email marketing data over time, enriching insights (Figure 6). The 78 percent of classic marketers who are not confident in their ability to enrich data over time, and the 38 percent of Dynamic marketers who report the same, must prioritize data management and allocate resources to reporting and analytics to drive insights, campaign performance, and program maturity.

Figure 6. Classic, Dynamic & Contextual Marketers Use of Data



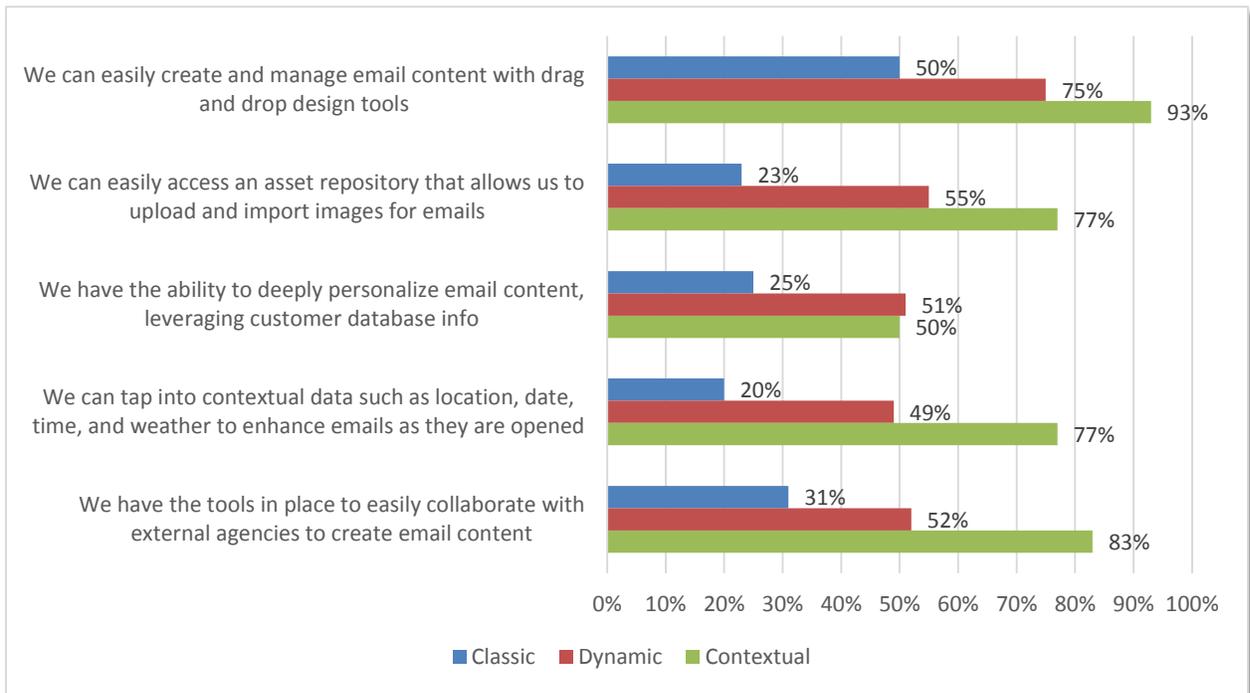
Question: Please rate the degree to which you believe each of the statements below. Describe the state of email marketing practice in your organization in terms of email data – top one summary. Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

Where Are Email Marketers Today in Regards to Content?

Successful email marketing programs delight their audiences with highly relevant, engaging, and valuable content. Contextual marketers separate themselves from Dynamic marketers in their ability to better collaborate with external agencies (Figure 7). More mature email programs often require more assets to use in highly personalized, one-to-one communications. Contextual marketers are able to collaborate and efficiently generate this additional content volume. They are also better equipped access content to import and upload.

Not surprisingly, the key area where Contextual marketers separate from the pack is in their use of contextual data to drive engaging content. Mature programs tap into contextual data such as location, date, time, and weather to enhance emails as they are opened, driving relevance. Many Classic and Dynamic programs struggle to leverage this contextual data to enrich content, and fail to delight customers as a result. The 75 percent of Classic marketers who are unable to deeply personalize content are certainly leaving money on the table, and should make the required investments in the near term to better leverage customer database information to tailor message content.

Figure 7. Classic, Dynamic & Contextual Marketers Use of Content



Question: Please rate the degree to which you believe each of the statements below describe the state of email marketing practice in your organization in terms of email content – top one summary. Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

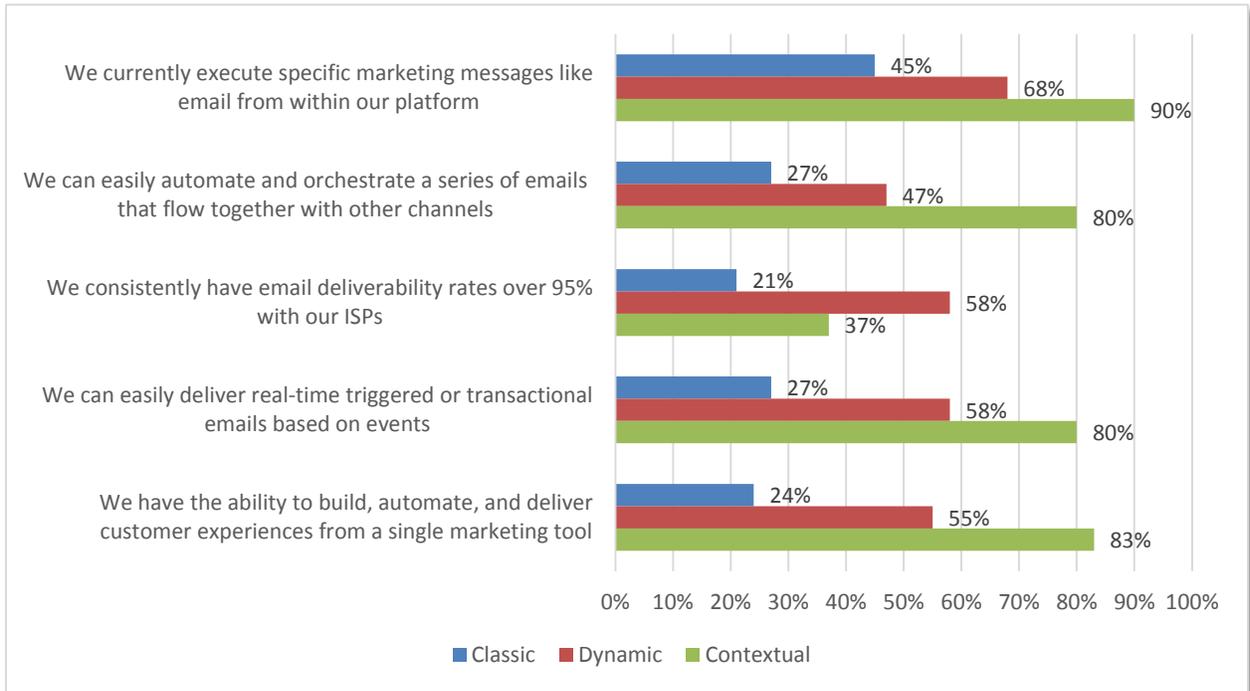
Where are Marketers Today in Regards to Message Delivery?

Emails that do not reach the inbox do not drive revenue. Email marketers of all industries understand the importance of message delivery, and act accordingly such as monitoring complaints and authenticating messages. However, more mature marketers allocate resources to the finer points of message delivery, which results in incremental revenue.

Dynamic and Contextual marketers easily deliver real-time triggered and transactional emails based on events, and can easily orchestrate a series of emails that flow together with other channels (Figure 8).

From data collection and management to message format and previous sending reputation, a ton of variables impact delivery. Marketers with the tools and resources to more effectively implement triggers and automate messages are better positioned to reach the inbox more regularly, with better performing, more engaging messaging.

Figure 8. Classic, Dynamic & Contextual Marketers in Regards to Delivery



Question: Please rate the degree to which you believe each of the statements below describe the state of email marketing practice in your organization in terms of email delivery – top one summary.

Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

Where Are Marketers Today in Regards to Strategy?

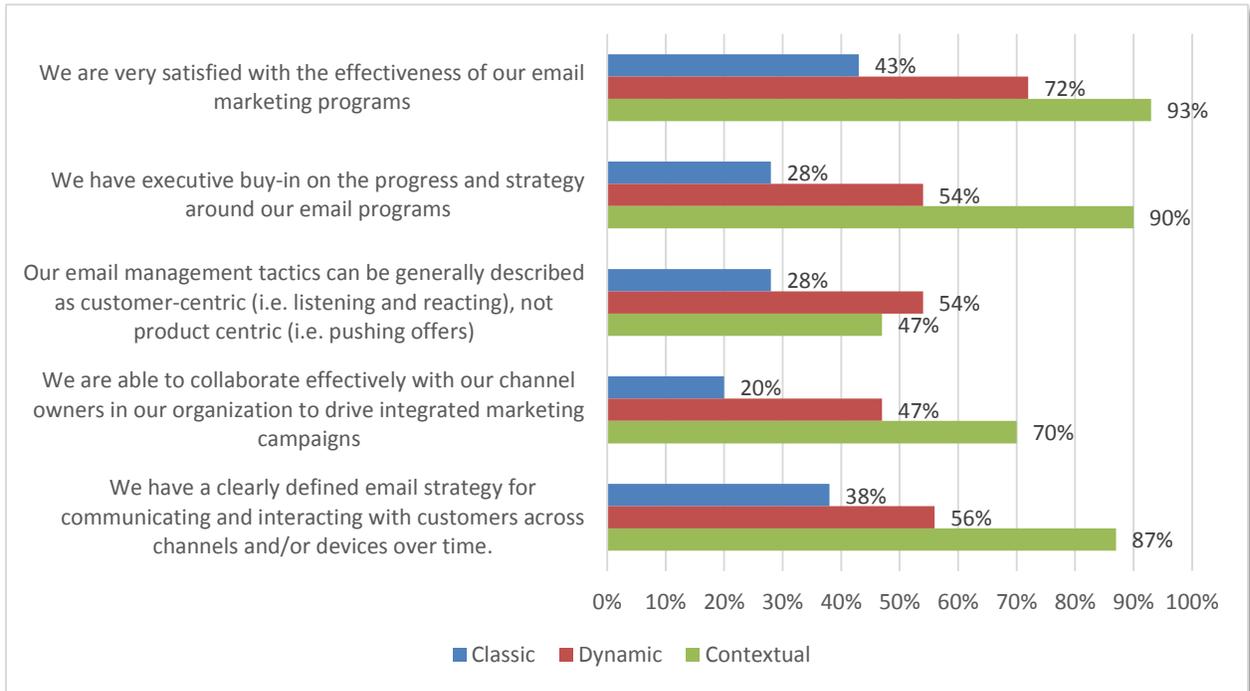
“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.”¹ Eighty-seven percent of Contextual marketers completely understand this truth and employ a clearly defined email strategy for communicating and interacting with customers across channels and/or devices over time (Figure 9). The 44 percent of Dynamic marketers and the 62 percent of Classic marketers who have not yet clearly defined their cross-channel strategy must start here. Without a clearly defined strategy, these marketers will struggle to advance and likely not achieve contextual relevance.

Any strategy that includes cross channel communication requires effective collaboration within the marketing organization. However, 80 percent of all Classic marketers reported that they are unable to collaborate effectively with other channel owners to drive integrated marketing campaigns. More mature programs break down the traditional channel siloes that exist within many marketing departments and focus on the customer, who does not care about marketing budgets, bonuses, and internal conflict, but increasingly demands to be recognized and catered to across devices. Contextual marketers meet this demand through listening and reacting to customer sentiment. Fifty-four percent of Dynamic marketers report that their email marketing tactics can be generally described as customer centric, while only 28 percent of Classic

¹ The Art of War, Sun Tzu

marketers reported the same. The Relevancy Group strongly believes, and the following data supports, that email marketing programs based on product-centric vs. customer-centric strategies face a huge opportunity to pivot their programs in directions that will lead to significant incremental revenue.

Figure 9. Classic, Dynamic & Contextual Marketers in Regards to Strategy



Question: Please rate the degree to which you believe each of the statements below describe the state of email marketing practice in your organization in terms of email strategy – top one summary.
 Source: Adobe Email Marketers Benchmark Survey July, 2015 n=220 North America Only

Section IV. Marketers Must Move Beyond Classic Tactics to Increase Monthly Email Revenue

The Relevancy Group conducted an executive survey of three hundred email marketers and then grouped the respondents into Classic, Dynamic & Contextual segments based on the tactics that they utilize. The findings highlight that marketers who leverage the strategies and tactics associated with Contextual programs, can drive nearly four times the monthly revenue of programs that do not.

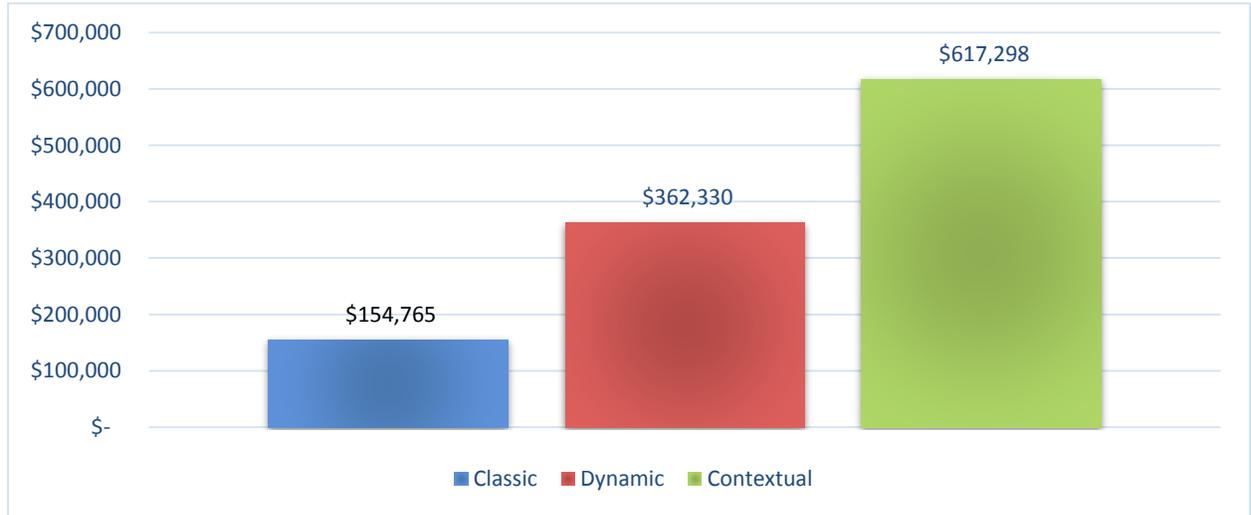
Monthly Revenue Based on Email Program Maturity Level

The Relevancy Group asked marketers about their performance metrics, including Delivery, Open, Click, Conversion, and Average Order Value. Based on the tactics that they utilize, we put marketers into each of the aforementioned segments: Classic, Dynamic and Contextual. We then applied a common email volume of 19.3 million messages a month to each of these segments’ performance metrics. The delivery rate defined the number of messages that

reached the inbox. We then multiplied those messages by the open rate and that result was then multiplied by the click-through rate. To determine the number of orders, we applied the conversion rate to the emails that were clicked on. Finally, we multiplied that against the average order value. We applied this formula to the actual performance metrics to determine the monthly revenue for each of the three segments (see Figure 11).

The results highlight that marketers utilizing Dynamic tactics can at least double the monthly revenue of Classic Marketers. Moreover, marketers who have made the investments in people, process and technology to preside over Contextual programs are the most successful. Contextual Marketers achieve results almost four times higher than Classic Marketers clinging to batch and blast tactics. The data indicates a huge opportunity for both Classic and Dynamic marketers to further develop their strategies and tactics around data, content, and delivery to drive more successful email programs.

Figure 10. Monthly Revenue Based on Email Marketing Tactics



Source: The Relevancy Group Analysis, The Relevancy Group Executive Survey n=300, April, 2015, US Only. Based on 19.3 Million Messages a Month. The Relevancy Group applied the actual delivery, open, click, conversion and average order value that marketers reported based on the tactics that they reported that they utilized. These results are based on these survey respondents.

Figure 11. Financial Maturity Model for Classic, Dynamic, and Contextual Marketers

	<i>Classic</i>	<i>Dynamic</i>	<i>Contextual</i>
<i>Mean Deliverability Rate</i>	91	90	90
<i>Mean Open Rate</i>	26	26	27
<i>Mean Click-Through Rate</i>	16	18	18
<i>Mean Conversion Rate</i>	1.46	2.95	3.15
<i>Mean Average Order Value</i>	\$145.00	\$151.00	\$232.00
<i>Monthly Send Volume</i>	19,311,580	19,311,580	19,311,580
<i>Inboxed Email</i>	1,757,354	1,738,042	1,738,042
<i>Opened Email</i>	456,912	451,891	469,271
<i>Clicked Through Email</i>	73,106	81,340	84,469
<i>Converted Transactions</i>	1,067	2,400	2,661
<i>Revenue</i>	\$154,765.23	\$362,330.70	\$617,298.36

Source: The Relevancy Group Analysis, The Relevancy Group Executive Survey n=300, April, 2015, US Only. Based on 19.3 Million Messages a Month. The Relevancy Group applied the actual delivery, open, click, conversion and average order value that marketers reported based on the tactics that they reported that they utilized. These results are based on these survey respondents.

Conclusion

As the email channel matures, it remains a critical vehicle for virtually all marketers, and is still regarded as the most effective channel for driving revenue. The space, however, is ripe for disruption; a huge percentage of marketers are currently presiding over relatively simple email programs, and are not satisfied. These marketers understand that they need to leverage customer-centric strategies that deliver exceptional experiences across channels, and need to allocate resources towards the people, process and technologies that enable them to do so.

Marketers looking to advance their programs should focus on data management practices that allow them to integrate data from multiple channels to drive segmentation and content that provides a consistent customer experience across channels. Relying on data from the email channel alone is no longer enough to meet increasing consumer demand. Marketers need to leverage data from all channels not only to build a holistic view of each customer (ie: layering in social profile and response data), but also to continuously monitor, listen, and react. Those who are not satisfied with program performance need to also leverage contextual data to drive deeper levels of dynamic personalization and relevance. Weather, location, and time are all contextual data points that can be relatively easily incorporated into many campaigns and can help tip the needle. The time to drive contextual relevance is now, the customer demands it, and those marketers who are able to achieve it, will be duly rewarded.

How does your email program compare? To learn more about Adobe’s approach to email, cross-channel marketing, and to take the email marketing self-assessment, visit www.adobe.com/go/email.



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The Relevancy Group provides market research, survey design and consulting. We assist marketers (buyers) connect with vendors (sellers) and manage the vendor selection process, each year we represent tens of billions of email messages that are out for bid for new solution providers. We provide educational and advisory resources to advance our clients and the markets understanding of relevance in order to deepen their customer relationships. The Relevancy Group is dedicated to educating the market on the imperative tactics needed to foster trust with consumers and improve an organization’s relevance within the broader online economy. Working with the leading brands, vendors and associations that comprise our economy, The Relevancy Group acts as an educator and trusted advisor in the aim of optimizing omnichannel connected marketing strategy and tactics. The Relevancy Group publishes research, educational resources and consults with businesses on vendor selection, mergers/acquisitions and other strategic imperatives.

For more information on The Relevancy Group’s services, visit www.therelevancygroup.com, call (877) 972-6886, email info@therelevancygroup.com or on twitter @emaieldaniels or @relevancygroup

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Nicholas has over 15 years of experience with digital marketing and understanding consumer behavior. Nicholas was formerly Vice President of Professional Services at Extole, a Social Marketing platform where he led teams that enabled brands to harness customer advocacy to drive referrals and new customer acquisition. Most recently he was Vice President of Customer Success at SocialChorus - an Advocate Marketing platform that powers tens of thousands of brand advocates, employees, consumers and bloggers to experience, create and share authentic content about brands they love. Nicholas has led customer success management, email technology, implementation, and social marketing teams at several organizations. At RealNetworks, Nick managed worldwide email marketing operations and customer relationship management. Subsequently he served for five years as VP of Deliverability & Strategic Services for a prominent Email Service Provider (ESP). Nick received his BA in Anthropology & Sociology from Kenyon College and MBA from the University of Washington.

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For over a quarter of a century, David has been a marketing industry proponent. Currently as CEO of The Relevancy Group, David directs market research and consulting essential to digital marketing. Direct Magazine said David is *“one of the most influential experts in email marketing, if not the most influential.”* David is also the Founder, President and Publisher of The Marketer Quarterly, a digital magazine for marketers. Co-author of the book ‘Email Marketing An Hour A Day’, David has held senior level positions at Forrester and JupiterResearch, Apple, Anthropologie, MacWarehouse, Proteam and the earliest online retailers on CompuServe. David advises many industry associations including the Online Trust Alliance (OTA), the Direct Marketing Association (DMA) and the email experience council (eec). David wrote a syndicated column for ClickZ for ten years and has been a contributor to the Weekend Today Show on NBC.