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Marketing As Usual. Not A Chance.™

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Inside the Inbox: Trends for the Multichannel Marketer

Epsilon's Global Consumer Email Study

Introduction

Today's marketing landscape is increasingly complicated and consumers around the globe are savvier than ever. Brands large and small face a wide variety of challenges in every corner of the world. In order to execute an effective, multichannel marketing strategy, the first step is to understand consumer behavior in order to tailor programs to each target audience.

Consumers in the new marketing world order are exposed to more media than they have physical time to consume both on and off-line, from Hulu and Facebook to text and instant messaging. The same consumers are in the driver's seat, taking control of the communication stream, signing up, leaving and influencing others in a matter of seconds. In addition, decisions are made in networks, not just by individuals, and consumer engagement extends beyond on and off-line purchasing behavior.

Marketers are faced with a challenging economy and shrinking budgets. As a result there has been a notable shift towards interactive/digital marketing from more traditional marketing. One of the most effective, measurable and targeted tools is email marketing. Often used in conjunction with traditional marketing channels such as direct mail, email marketing provides a real-time and quantifiable opportunity to interact with customers. Recent Epsilon data shows that email performance remains strong¹ with steady delivery, open and click-through rates.

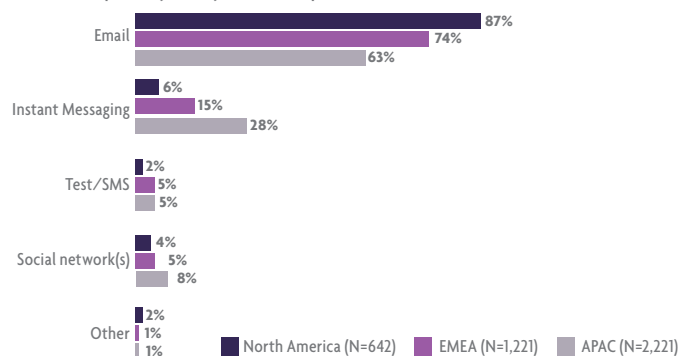
Epsilon's global consumer email study was designed to explore consumer behavior such as use of online communications tools and attitudes about permission-based emails and spam. The survey was conducted in conjunction with ROI Research in April 2009 with over 4000 consumer respondents in select countries in North America, Asia Pacific and Europe. The study builds on similar research conducted in the US from 2002-2005² and APAC in 2008³.

The Evolution of Email

As an online communications channel, email is most frequently cited as consumers' primary tool. While there is widespread use of instant messaging, text and social networks around the globe, email use surpasses all other channels. Each week, consumers receive hundreds of email messages containing retail offers, business/work-related information, personal interest, newsletters, account statements and the often-dreaded spam. The challenge to today's marketer is breaking through this inbox clutter to deliver relevant messages at the right time to their best customers and prospects.

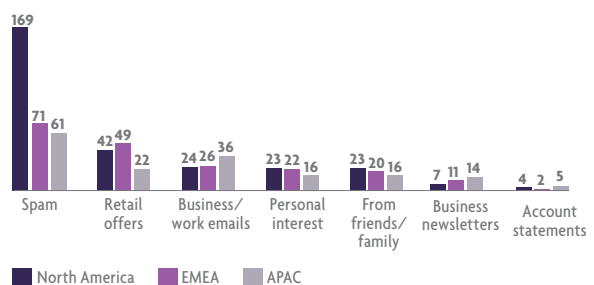
Tools for Online Communications

What is the primary tool you use for personal online communication?



Types of Emails Received

In an average week, how many emails of each of the following types do you receive? (Average # Emails Received Per Week)



¹Q1 2009 Epsilon Email Trends and Benchmarks Data

²DoubleClick Consumer Email Study, 2002-2005

³Asia Pacific Consumer Email Survey, 2008

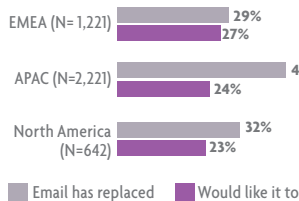
As a replacement for other types of communications, email has made progress displacing things like in-person sales calls, retail discount offers, telemarketing calls, bills or statements and promotional mail. The surveyed consumers feel there is additional opportunity to replace these vehicles especially in-person sales calls and telemarketing calls. This suggests that consumers may find email to be more informative and less intrusive than other sales and marketing efforts.

The format of email messages is directly tied to the evolution of email to devices such as mobile, PDA and Smartphones. As consumers use more iPhones and Blackberries, they interact with their inboxes differently. Marketers need to consider factors such as message and subject line length as well as email format. Not surprisingly, Asia Pacific (APAC) leads in PDA or Smartphone usage for email. North America and EMEA will likely continue to adapt to a more mobile culture, creating new challenges and opportunities for digital marketers.

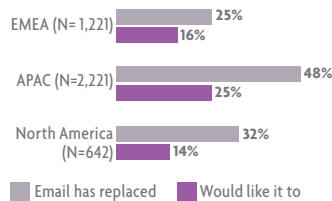
Email Displacing Other Media

Has email become a replacement for any of the following types of communications? (Check all that apply)

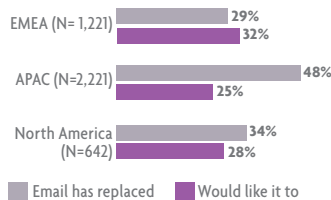
Email Displacing In-Person Sales Calls



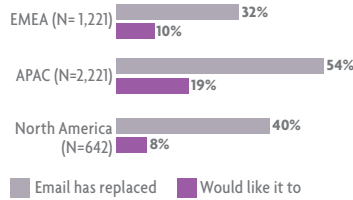
Email Displacing Retail Discount Offers



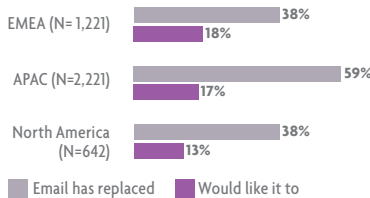
Email Displacing Telemarketing Calls



Email Displacing Bills or Statements

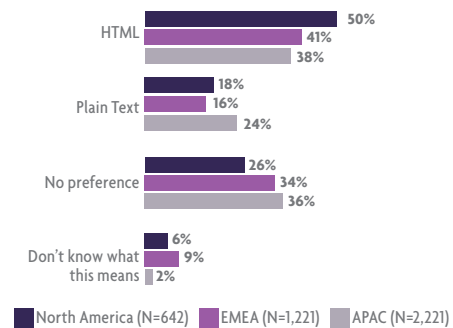


Email Displacing Promotional Mail

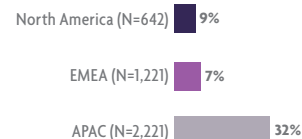


Email Format, PDA/Smartphone Use

What is your preferred format for receiving emails?



Do you use a PDA or Smartphone for email?

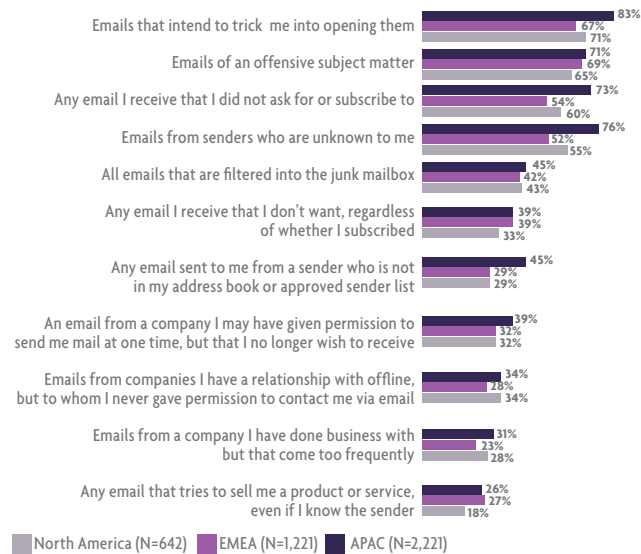


The New Definition of Spam

As long as email has existed, so have spam and a consumer intolerance of unsolicited messages. The new definition of spam is not just emails to which consumers have not subscribed. Spam now encompasses irrelevant messages and contact saturation

Defining Spam

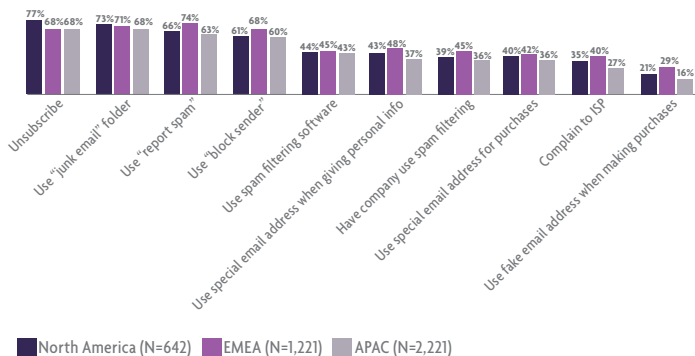
Which of the following do you consider Spam? (Check all that apply.)



Accustomed to these messages, consumers are taking action to eliminate or limit the amount of spam they receive by unsubscribing and using tools such as “junk email” folders, “report spam” and “block sender.”

Techniques for Limiting Spam

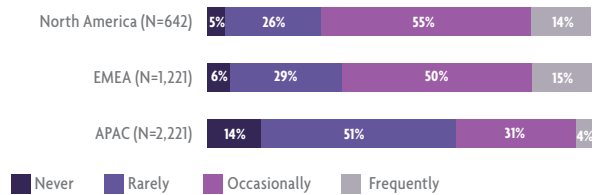
How likely are you to take the following actions in order to eliminate or limit the amount of spam that you receive? (Five point scale - Summary top 2 box) (Total Respondents - N=4,084)



North American respondents are the mostly likely to unsubscribe from permission-based emails followed closely by EMEA respondents. North American inboxes also seem the most cluttered due to the significant number of spam emails per week. The top reasons cited for un-subscription include irrelevant content, email frequency, and concerns about addresses being shared/sold and other privacy issues.

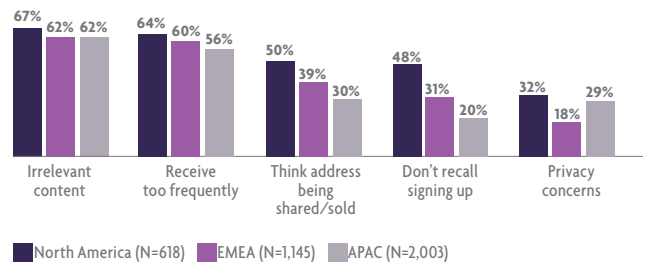
Unsubscribe Frequency

How often do you unsubscribe from emails you have signed up to receive? (Total respondents - N = 4,084)



Reasons for Unsubscribing

Why have you unsubscribed? (Check all that apply) (Have unsubscribed - N = 3,766)

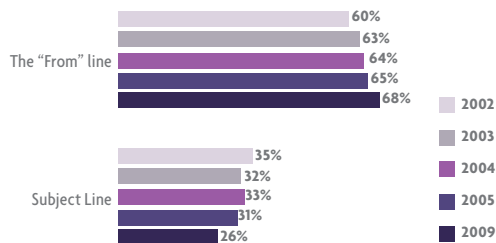


Permission-based Email: Who? What? When?

There's no doubt about it, relevance, timing and personalization are critical components of a successful email marketing strategy. When it comes to timing, the batch-and-blast approach is being replaced by automated triggers and dynamic campaigns. The "from" and "subject" lines are marketers' first opportunity to incorporate relevance and personalization. Both lines influence whether or not a consumer even opens a permission-based email. Compared to an earlier US study⁴, the "from" line is becoming more important, challenging marketers to establish a trusted relationship with consumers.

Importance of "From" and "Subject" Lines - US Trending

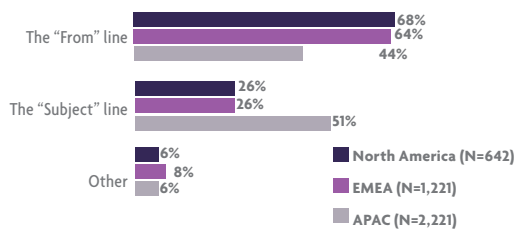
What most compels you to open a permission based email?



Consumers in North America and EMEA agreed that the "from" line is the most influential feature in their decision to open a permission-based email, while APAC respondents opted for the "subject" line. Of those who select the "subject" line as most compelling, content driving open rates primarily focuses on discounts and offers, news, and personalization such as purchase history or a consumer's name.

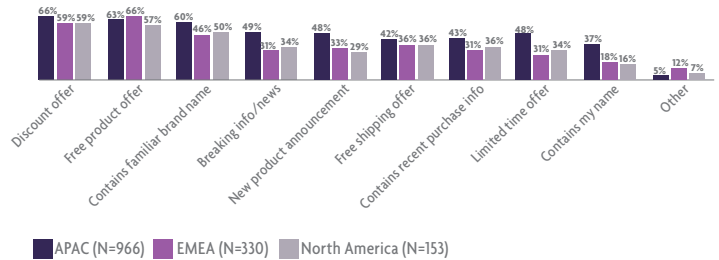
Importance of "From" and "Subject" Lines

What most compels you to open a PBE?



Compelling "Subject" Lines

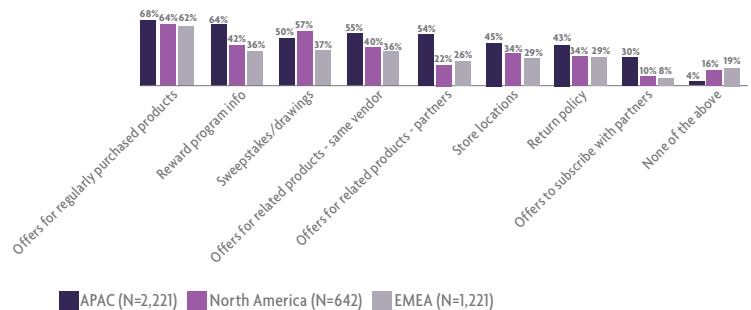
What type of subject line content compels you to open a PBE? (Check all that apply) ("Subject" Line is Most Compelling - N=1,449)



Once permission-based emails are opened, the next challenge is to deliver useful content to customers that will drive desired behavior such as purchases and forwards to friends. Offers for regularly purchased products and related products reflect a solid understanding of the individual customer. Opportunities for rewards and sweepstakes are also well-received.

Desired Content

Which of the following would you find useful if included in a permission based email?



⁴DoubleClick Consumer Email Study, 2002-2005

Even if an email makes it to the inbox, and is opened and reviewed by a consumer, it still doesn't necessarily amount to a "win" for an email marketer. The overarching goal is to influence multichannel behavior and attitudes about products, brands or services. Some of these actions and behaviors are measurable such as coupon redemption or revenue conversions. Others, such as purchases made offline in a retail store, emails forwarded to friends and purchases made by phone, are more difficult to measure. Overall, our findings indicate that consumers around the world are taking action and thus email marketing remains an effective driver of behavior.

Email Impacts Behavior

As a result of opening permission based emails, how often do you normally take each of the following actions? (Four point scale - Summary top 2 box)



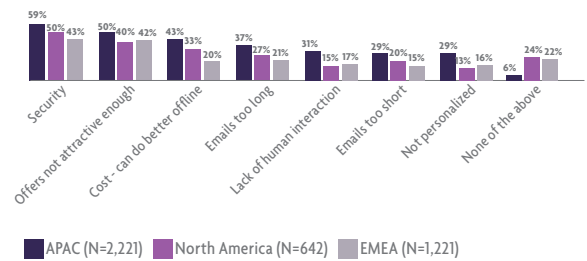
Inside the Cautious Consumer Mind

Trust goes a long way, especially in cyber space. Permission-based emails may have the best "from" and "subject" lines, optimal content and arrive in consumer inboxes at the prime time, but still there are barriers that prevent recipients from interacting with offers. By understanding these considerations, messages can be more successful and less likely to end up in the "trash." Security issues and a lack of attractive offers/promotions were the primary reasons as well as email length – both

too long and too short – and impersonal messages that lack human interaction or information about the consumer. This proves, once again, that testing is the best way to find the appropriate balance for a target audience.

Barriers to Interaction

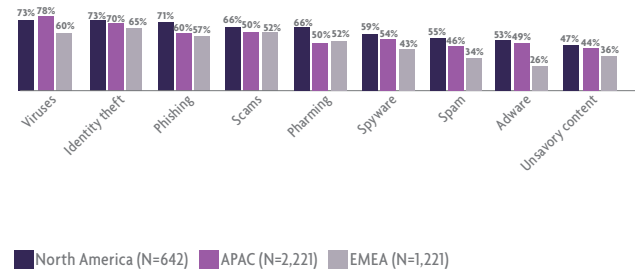
Which of the following are barriers that prevent you from interacting with offers sent to you by email? (Check all that apply) (Total Respondents - N=4,084)



North Americans are most concerned about a number of issues related to email and Internet use followed closely by APAC and EMEA respondents. While worries such as viruses, identity theft, phishing, scams and pharming may not be keeping the "Average Joe" up at night, they are real concerns that reemphasize the need for marketers to establish a trusting relationship and keep their consumer information safe.

Concerns About Email & the Internet

How concerned are you about the following issues related to your use of email and the internet? (Three point scale - Summary Very Concerned) (Total Respondents - N=4,084)



Conclusion

Digital marketers face immense opportunities to enhance multichannel strategies that engage consumers locally, regionally and globally. A shift from campaign-centric planning and execution to customer experience and lifecycle marketing opens up new doors. Email is no longer a standalone tactic but rather one channel for brand interaction within a matrix of integrated and coordinated strategies.

Methodology

Epsilon's 2009 Global Consumer Email Study was conducted in April 2009 by ROI Research, of Lancaster, PA, and compiles data from 4084 responding consumers in 13 countries: US, Canada, China, Singapore, Hong Kong, Australia, India, Malaysia, Japan, UK, France, Germany and Spain. The panel of participants includes consumers who have an active email account and receive permission-based email. When reporting by region, sample sizes reflect the number of completed surveys but data has been weighted to reflect each countries relative population size. The data has a sampling error of +/- 1.5%.

For More Information

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