

 **bounceexchange** | Email: The Neglected Goldmine

CASE STUDY



INTRODUCTION

You think you are taking email seriously, but our data proves otherwise.

The truth is, email is still your best performing revenue channel.

We often get asked about the value of email marketing. We tried to find good external benchmarks or research on the topic but most of the stuff was pretty lousy, so we decided to roll up our sleeves and analyze a random sample from our client base that represents \$1 billion of e-commerce revenue.

The lesson?

Start taking email a lot more seriously.

Why?

Email is the fastest growing e-commerce purchase acquisition channel. Its share of overall revenue far surpasses affiliates, referrals, and social, and even exceeds paid search!

In this research, you will learn:

- 1 Why email is the single best converting channel
- 2 How much is too much
- 3 How to harness the power of your email marketing channel

PART I - WHY EMAIL IS THE SINGLE BEST CONVERTING CHANNEL

Email is the best performing channel in e-commerce.



For most e-commerce brands, email is the single best converting channel. This is not surprising as it incorporates a more engaged audience: both new prospects and returning customers who have opted in. Within our \$1 billion sample, ***email exceeded a site's overall conversion rate by an average of 52%.***

Email is typically treated as a retention channel. This is a critical mistake.

While email has been very successful in engaging / re-engaging your existing customer base (post purchase), it is even more powerful for getting prospects to make their first purchase. Prospects are 2-5x more likely to convert when they have provided their email than if they have not. Getting prospects to provide email prior to purchase is a critical but overlooked value generator...***and we have seen severe revenue loss by not taking email seriously as a customer acquisition channel.***

Value of An Email:

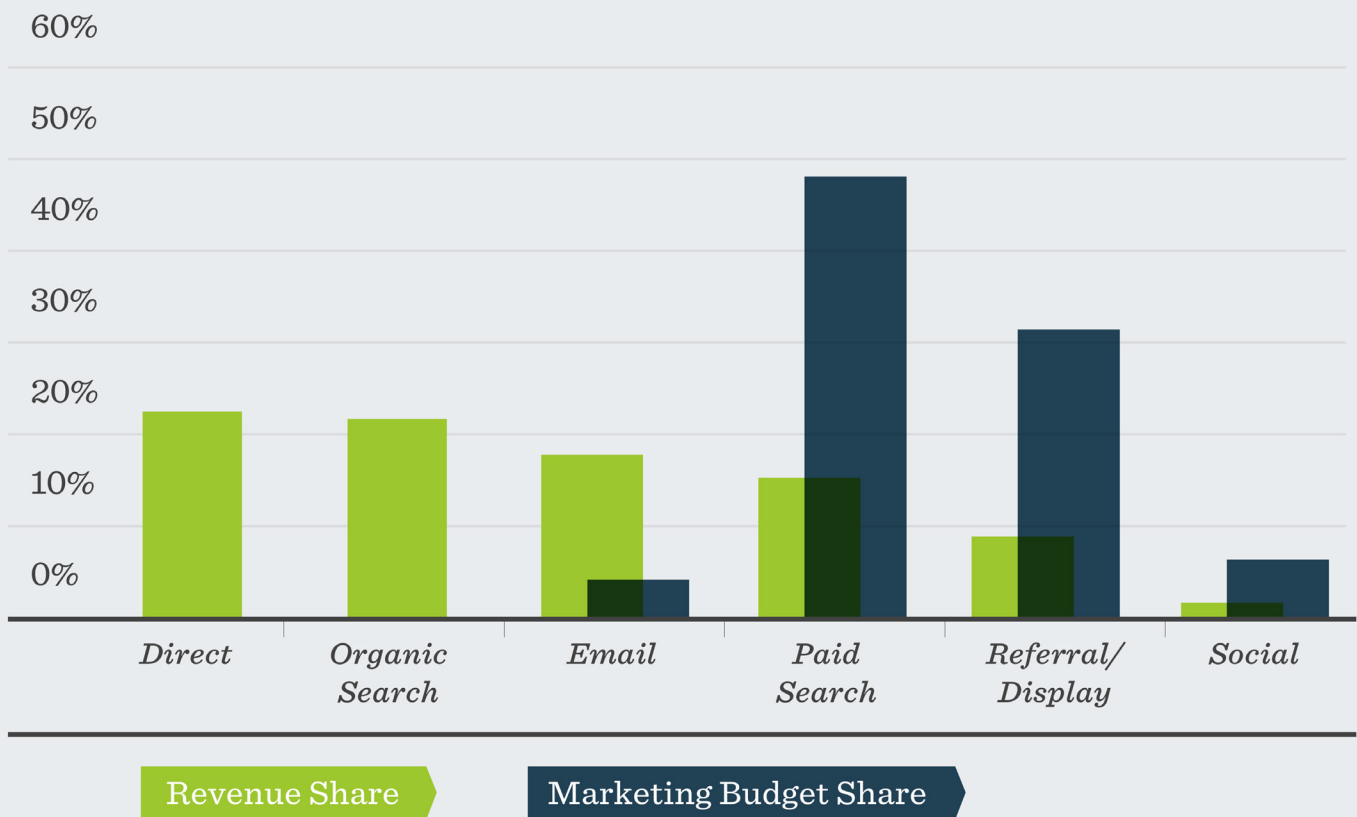
Using a simple calculation of email revenue / list size shows an average annual email value of **\$11.51** with the median at \$7.08, much higher than many marketers expect. Our data scientists calculate that proper attribution (multi-touch) would increase email revenue by 50-80% as many visitors who engage with an email return to the site directly, whether at that time or within a few days.



Yet it Receives Disproportionately Low Investment.

A recent Forrester report showed that email consumed only 4% of total digital marketing budgets in 2013. This despite the fact that even a conservative estimate suggests it accounts for 20% of overall revenue. Clearly, email is not receiving a share of budget commensurate with its impact.

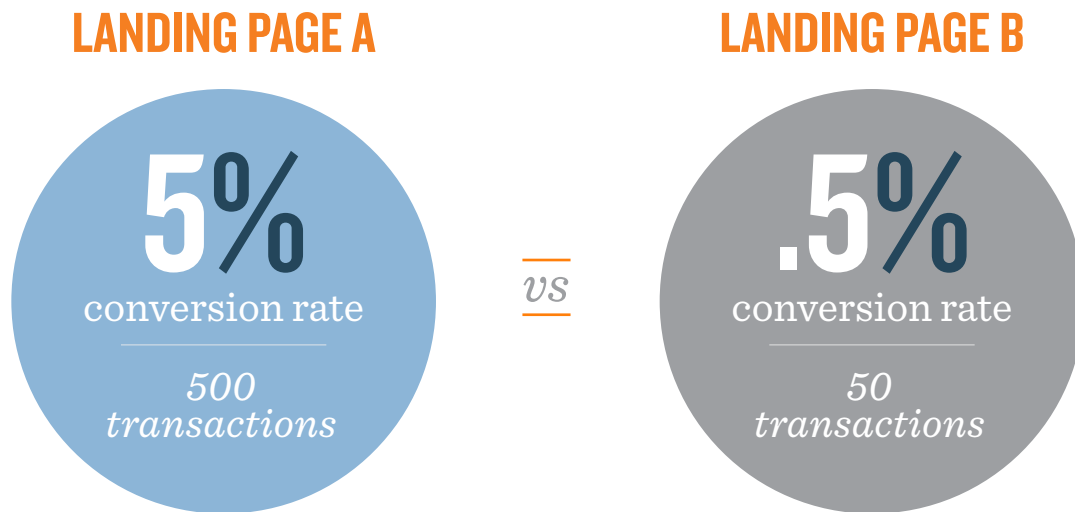
CHANNEL COMPARISON



PART I

Why you should put monumentally more effort into your **BEST** performing channels.

Why wouldn't you focus on the channel that is most likely to convert and is the cheapest to invest in? Our best guess is that marketers are falling prey to the basic human instinct to focus on where they're spending more money and focus limited resources on bigger problem areas. Which is exactly backwards. Let's use two theoretical "landing pages" as an example, each with 10,000 visits.



Most marketers would choose to focus on the lost opportunity within Channel B. After all, there are 9,500 non-purchasers to attack.

This logic misunderstands the true opportunity pool, which is potential customers, not total visitors. For any product purchased, there's typically another two-to-three visitors that abandoned in cart (up to 75% cart abandonment) and another five+ who were considering adding to cart. The remainder are lost causes and will never buy.

Getting 10% of those potential customers to convert leads to 350 incremental transactions for Landing Page A and only 35 for Landing Page B.

The key lesson is that you should invest most heavily in your best performing channels. This will yield the best return on your spend. We see over and over that marketers invest in poor channels and new channels, where their maximum investment & time spent should be on the highest performer.

PART 2 - HOW MUCH IS TOO MUCH?

Lessons we learned about email frequency.

Email is the single best performing channel for e-commerce. We can say this without reservation: you make more money when you communicate with your prospects and customers more frequently. Every single additional email you send will have a positive revenue impact.

And, your competitors are doing it. An annual Responsys trends report shows that top US retailers email an average of 4.0x a week, up 118% from 5 years prior. Meanwhile, ReturnPath has calculated that the average consumer receives over 100 commercial emails a week, which means emailing very infrequently amounts to praying that the audience finds your needle in their inbox haystack.

AVERAGE RETAIL EMAIL FREQUENCY / WEEK



Yet, we often hear from marketers who are scared of emailing more than 1x a week. Their hesitations can be summarized in two main groups:

- 1 Attrition Rate
- 2 Limited Resources

PART 2

Attrition Rate.

Pushback:

The most common fear is that by emailing more, you will get lower engagement and annoy your users, which inevitably lead to a higher unsubscribe rate. This is especially scary for marketers with low list growth as it means their list could actually shrink.

Reality:

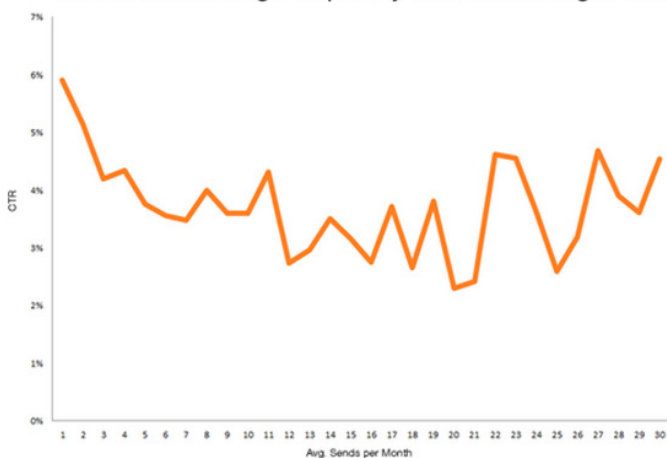
First, don't be so terrified of unsubscribes. Try and assess the cost/benefit of any marketing program in whole. If a campaign leads to 100 unsubscribes (likely of people who would have never purchased), but 500 incremental purchases, would you cancel it?

Second, evidence suggests that increasing email frequency does not have an overly negative impact on open rates or unsubscribe rates. After all, these are people who have opted in. You shouldn't think of your email marketing program as spam.

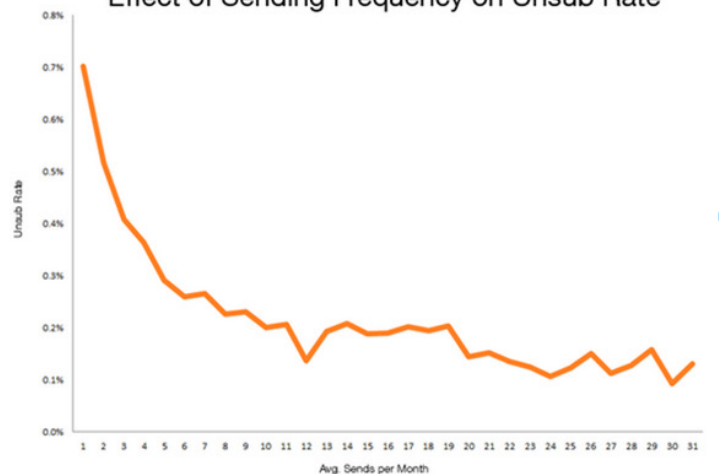
They key is to provide ongoing value: send a varied mix of quality content where the email series is an ongoing conversation about your brand. Tell your story, update them on new products, selectively offer special discounts. If you are adding incremental value to your list, it will respond positively.

Finally, once you focus attention on replenishing your list aggressively (***hello, Bounce Exchange***), the growth will far exceed unsubscribes.

Effect of Sending Frequency on Clickthrough Rate



Effect of Sending Frequency on Unsub Rate



PART 2

Limited Resources.

Pushback:

Emailing more often sounds like a lot of work and we often hear strapped marketing departments tell us, “We don’t have the resources.”

Reality:

Our answer is simple: “Find them.” If something works as effectively as email, you need to invest in it.

And the good news is that there are a lot of simple tactics that allow you to send more without much additional effort.



Build automation: put in the work to create automation around all aspects of your email program, from a welcome series to transactionals to triggered messages based on user behavior. You can also easily schedule a promo calendar well in advance. Once you put in the work up front, it requires very little ongoing effort. Having a basic welcome series and cart abandonment emails is NOT true automation. The best companies have hundreds of automated event triggers base on browsing behavior, buying patterns, replenishment cycles, and sophisticated abandonment actions.



Simple is just as effective: you do not need to create incredibly complex email assets. Within our client base, we see that very basic templates with clean design and simple calls-to-action work better than fancier, complex design. One telling fact is that over 50% of the purchases made after clicking through an email do not include any of the items shown in the email.



Recycle existing content: you can re-send the same email to visitors who do not engage the first time. An underused tactic is to simply re-send the same emails to your list several months later – the engagement results on this email is comparable to the initial email sent.

PART 3 - HOW DO YOU HARNESS THE POWER OF YOUR EMAIL MARKETING CHANNEL?

There are four ways to boost your email channel:

1. Increase frequency: Send more emails per user.
2. Incentivize action: Use more promotions and discounts.
3. Increase relevancy: Improve conversion rates through personalization and customization.
4. Increase list size.

Increasing list size comes from traffic [volume X capture rates].

Common mistakes most companies use to increase list size:

- **Increase paid marketing:** More traffic = more sign-ups.
- **Generic Entrance pop-ups:** Intrusive to visitors, increases bounce rate, and often lowers conversion rate. The wrong messaging can also encourage procrastination; if offered access to future deals, the natural consumer reaction is to wait to purchase.
- **Hope & pray:** Throw an email field into your footer, with success rates around 1 in a 1,000 visits.
- **At checkout:** Incorporates a healthy portion of existing customers who are already on your list.
- **Buying lists:** Not only does this have very little to no effectiveness, but it can also ruin your sender rating with your ESP.

Solution: Optimize capture rate through strategic and targeted messaging

Potential customers come from different sources, types of advertisements, and have different customer histories and intentions... why would you treat them all the same?

The best approach to increasing list size is to dynamically personalize your site to surgically tailor when and where you get opt-ins. By intelligently serving campaigns based on visitor attributes and behavioral actions, you can unlock the power of email while increasing on-site performance.

PART 3

Strategies for Optimizing email Signups:

- **Timing:** Ask for email before the customer leaves, or after they've looked at a certain series of pages.
- **Tailored based on source:** Keep email signup message consistent with display ad clicked, don't ask for email if the customer came from a marketing email.
- **Tailored based on current page:** Signup request should reflect the users demonstrated interest.
- **Offer something in return for signup:** Many retailers use a generic discount with signup, but often offering unique content can be equally effective.

YOUR BEST MARKETING CHANNEL
is already staring you in the face. Go use it.