



2016 Email Marketing Industry Census

Key Sector Report



Email Census

Sector Report 2016

Digital marketing has undergone somewhat of a transformation over the last decade, bringing email marketing into its centre. This is evident when looking at email's ROI rising from 66% in 2008 to 73% today; it has shown a spectacular growth compared to other channels in the marketing mix (Source: Email Marketing Industry Census 2016).



It's not just email marketing technology that has evolved, but also the mindset of marketers. The last decade has shown an increased integration between the technologies and channels used, shifting away from broadcasting singular messages across all possible channels, to carrying out better segmentation, increasingly sophisticated personalisation and customer-driven marketing.

However, in order to make the data more relevant for marketers to help them learn and improve, it's important to drill down until we reach the sector level. Which is the best sector for email marketing? Well, there's not one per se, as they all have different commercial environments, approaches and objectives, and equally no particular sector is doing it wrong.

What we have done in this report is examine which sectors are producing the best return for the budget they spend on email, the tactics and strategies they use, the time spent on them, how they focus on mobile and implement automation, and finally their outlook on the future.

All data is taken from the Adestra/Econsultancy Email Marketing Industry Census 2016 – a survey of over 1,100 digital marketers around the world. We have focused on the top six sectors self-identified by respondents:

- **Print/Publishing & Media**
- **Retail/Mail Order**
- **Charities, Government & Non-profits**
- **Financial Services & Insurance**
- **Travel & Hospitality**
- **Technology & Telecoms**

This study enables marketers to not only measure themselves against their peers, but to also see which sectors are using different tactics and strategies successfully, which might spark an idea or three. A year's a long time in digital marketing, and a comparison with previous data can often highlight which sectors are changing as they adopt new concepts and processes, and drop others and which sectors remain static.

84%

of Charities,
Government and Not-
For-Profit rate ROI as
'excellent' or 'good'

The sectors at a glance



Print/ Publishing & Media

Yet again, the Print/Publishing Media industry has produced consistent results across the board. Publishers have seen email performance shoot up since last year, and they top the chart for total sales attributable to email. They make use of the broadest number of ESP services and lead the pack in optimising email for mobile - not surprising there is no other sector that feels more love for their ESP.

They are Star performer in four sections – Email performance, Big Data in email, Mobile optimisation, and ESP love.



Charities/ Government & Not-for-Profits

From mediocre results last year, the sector with the biggest turnaround has to be Charities/Government & NFP. Their ROI is consistently higher (and now tops the chart at 84%, excellent/good ROI), email performance has shot up and more time is now spent on strategic activities. In addition, they have also adopted more email tactics and unsurprisingly are feeling a lot of love for their email service providers.

They are Star performer in one section – ROI & Budgets.



Retail/ Mail Order

ROI has grown considerably from last year for the Retail sector, and email performance is just keeping above the overall email industry average. Retailers also score above the industry average for mobile optimisation strategy. While they are keeping time spent on tactical activities down, they have however lost a little focus on strategy. Their use of tactics overall has dropped back since last year, however firms have seen modest improvements in success when implementing automated email programmes. With an eye on the future, Retailers feel most strongly about innovating with creative behavioural triggers.



Travel & Hospitality

Travel & Hospitality firms have seen ROI from email grow to reach the top of the board, just 1% behind Charities. Likewise, Email performance is well above average and they have increased overall time spent on strategic activities. In addition to the usual data services, they are the only sector to mostly make use of design services provided by ESPs.

Travel firms have significantly upped their use of email tactics, overtaking Publishers – they are the most consistent performer of any sector - topping the charts in 8 of our 18 practices. They are also the second highest for using a mobile optimisation strategy for email.

They are Star performer in two sections – Email Tactics and Automation. And gain an Honourable Mention in Time Management.



Financial Services & Insurance

ROI has increased since last year in the finance sector, but remains slightly below average. It has shown a big increase in email performance, up from 36% to 56% rating performance as 'excellent' or 'good', bringing it up to the industry average.

While finance firms score well in time management for strategy and reporting, it is an isolated high point. When looking at email-related services available from ESPs, the majority of firms are not employing any. In addition they are the lowest user of email tactics overall. This is a missed opportunity and could explain the average performance. It could also explain their low success rate in implementing email automation programmes.



Technology & Telecoms

ROI has increased since last year for tech firms to 66% (rating excellent or good), but still trails their 2014 result and is below the industry average. Likewise, Email performance has increased, but remains below par. This sector sees the lowest sales attributable from email for the budget they spend – suggesting they can make this channel work much harder for them.

They have, however, made good progress in adopting email tactics – moving from fifth spot last year to second – perhaps the fruits of their labour are yet to be realised. One might expect the sector that brings us mobile devices and software to be leading the industry for mobile optimised email - however, the opposite is true - Tech & Telecoms firms have dropped back alarmingly to the bottom of the table. It's a dangerous area to neglect: without a clear mobile strategy users will receive a poor mobile experience and engagement will be low.

ROI & Budgets

All sectors are seeing positive and encouraging ROI from the email channel. When compared to the other marketing channels, Return on Investment from email marketing remains top for all sectors, except Print/Publishing & Media (where content marketing has moved ahead within the last year). Four sectors are outperforming the ROI industry average of 73% (excellent or good), while two are below average (see Fig.1).

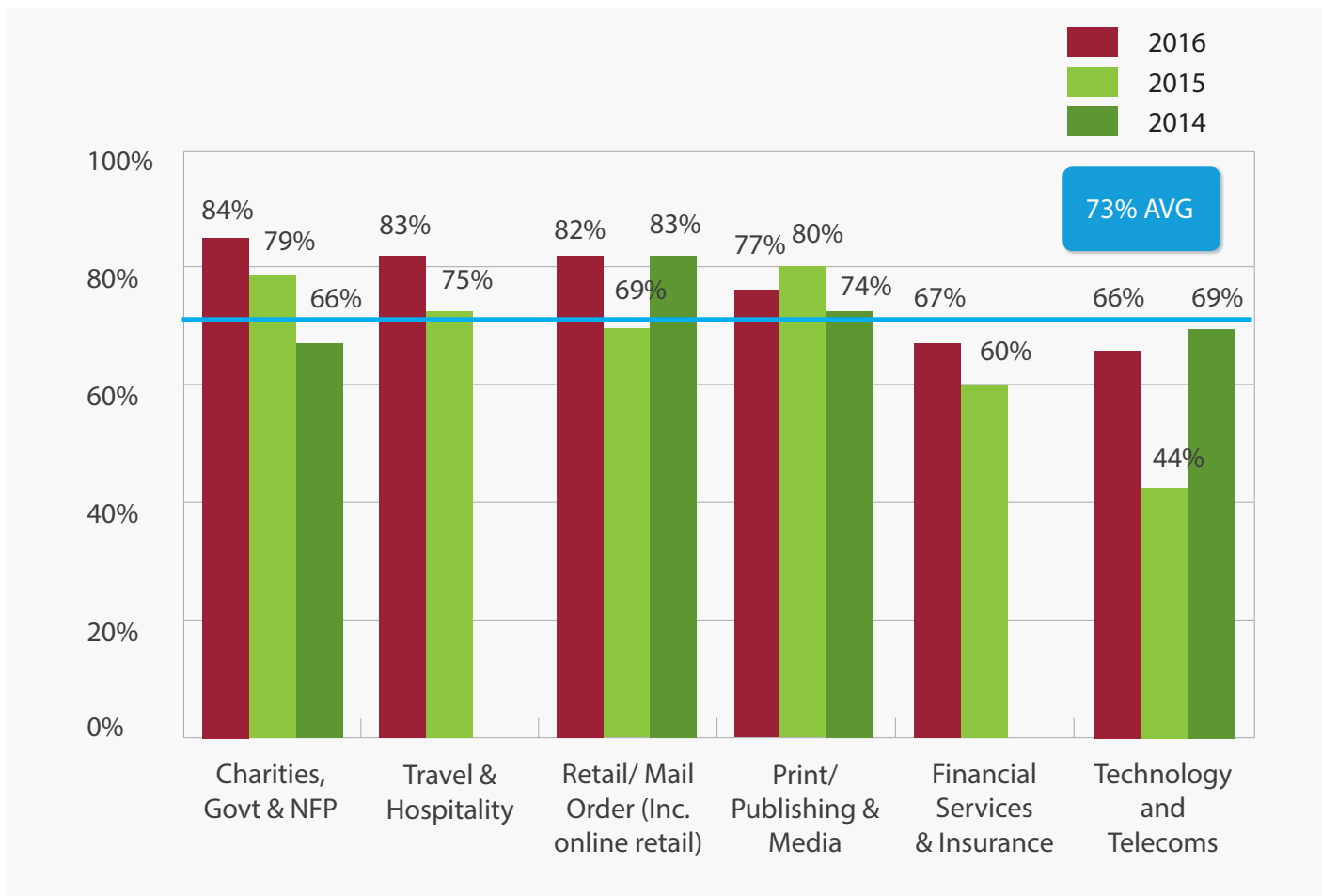




Star Sector:
Charities,
Govt & NFP

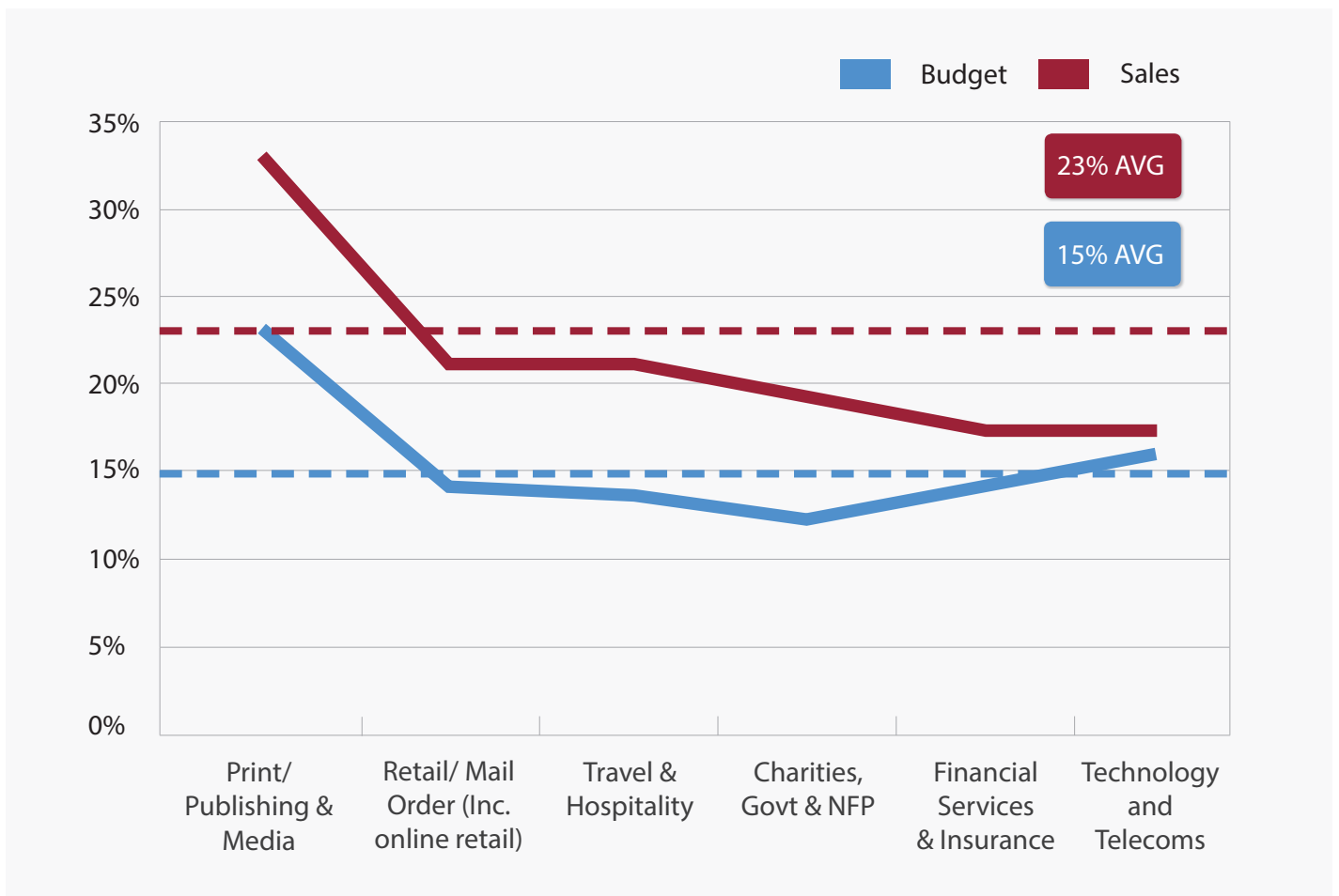
Having seen a steady growth in the last three years, Charities/Government & Not-For-Profit are currently making the email channel work hardest - delivering the best ROI of any sector (84% say excellent or good). Overall, most sectors saw email grow its ROI from last year.

Fig1. How do you rate the Email channel in terms of return on investment? (Results show Excellent or Good)



Directly plotting sales against investment budgets shows that email still punches above its weight for every sector (see Fig.2). For example, Publishing achieves 33% of its sales from email marketing, yet only spends 22% of its total budget to achieve this. Other sectors see a similar positive return, showing that email is an efficient way of generating direct sales. However, it is only publishers who are performing above the industry norm.

Fig.2 *Approximately what proportion of your total sales can you attribute to the email marketing channel? & What proportion of your total marketing budget does email account for?*



Email Performance

Confidence, it appears, has never been higher in email marketing. All sectors have seen a lift in their own email performance from 2015, some considerably more than others (see Fig.3). Notably, Print/Publishing & Media has seen a jump from 47% to 73% (excellent or good) taking them into the lead. Three additional sectors stand out as showing big leaps in performance: Charities, Financial and Tech & Telecoms. This is good news, they are heading in the right direction and it lines up more accurately with the ROI chart above, which is what we would expect. Retail performance however has stayed roughly the same, climbing just 5%. The same four sectors are performing above average as with ROI, shown previously, while Finance and Tech firms are on or below average.

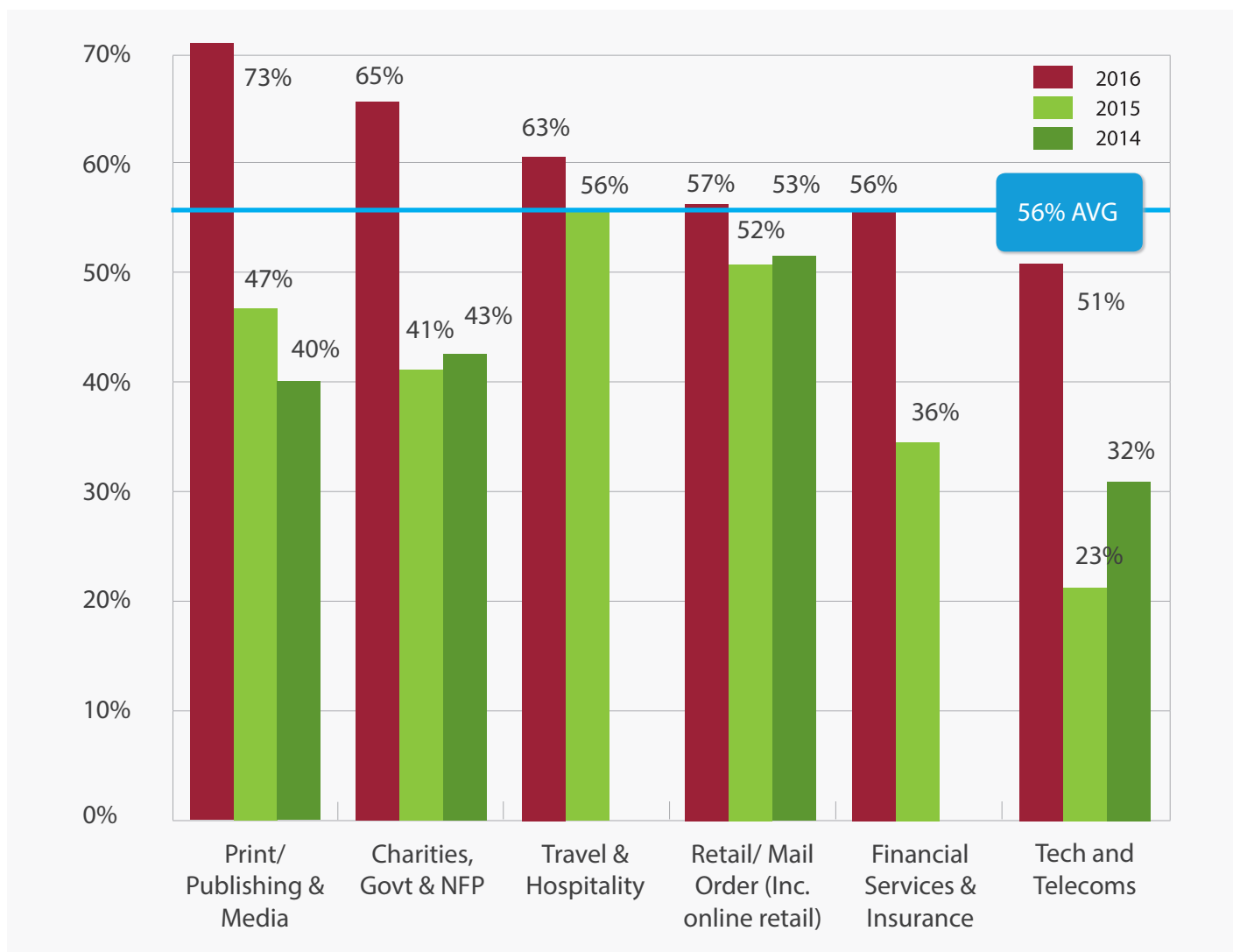




Star Sector :
Print/ Publishing & Media

Technology and Telecom firms, while making up the lowest performing sector have experienced impressive growth in just 12 months – from 23% to 51%, more than doubling last year’s performance. This can perhaps be explained by their increased use of email tactics (see Fig.7).

Fig.3 How do you rate the performance of your company’s email campaigns? (Results show Excellent or Good)



Big Data In Email

The application of big data to email, and the ease with which ROI can be proved through its measurability, has meant that email has returned to favour with marketers. Beyond the technology, email providers are working hard to deliver a range of practical services to satisfy marketers' demands.

Working with your tech providers to make use of the services most appropriate to your business is of course critical, yet can be time (and resource) consuming. Balancing what is possible against day-to-day practicalities and the projected outcome in revenue is the email marketer's reality. So we look at which services each sector is taking advantage of: from a choice of 14 only 8 are used by the majority of companies within each sector.

The most popular services used are Measurement & analytics, Personalisation, Segmentation, Automated campaigns, and Mobile device recognition. The sector making the most use of these services is Print & Publishing – the majority of companies in this sector are using six of the top services. Contrast this with the financial sector, where the majority of firms are not employing any of these services.





Star Sector :
Print/ Publishing & Media

Fig.4 Which email-related services provided by your email technology provider do you use? (showing over 50%)

	Print/ Publishing & Media	Charities, Government & Non-profit	Technology & Telecoms	Travel & Hospitality	Retail/ Mail Order	Financial Services & Insurance
1. Measurement and analytics	✓	✓	✓	✓	✓	
2. Personalisation	✓	✓	✓	✓		
3. Segmentation				✓	✓	
4. Automated Campaigns	✓	✓	✓			
5. Mobile device recognition	✓	✓	✓			
6. Deliverability audit & analysis	✓			✓		
7. Design and copywriting						
8. Email data provision	✓					

In addition, only a minority of sectors are making use of ESP services such as dynamic content, campaign optimisation, strategy & campaign planning, social media integration, SMS and a complete managed service.

Time Management

Your priority list never seems to shrink. As soon as one item is ticked off at the top, another two or three get added at the bottom. Such is the life of a modern marketer. But how does the time get spent while working on an email campaign? Are marketers too focused on getting campaigns out the door, at the expense of optimisation and other strategic activities that could improve efficiency over time?

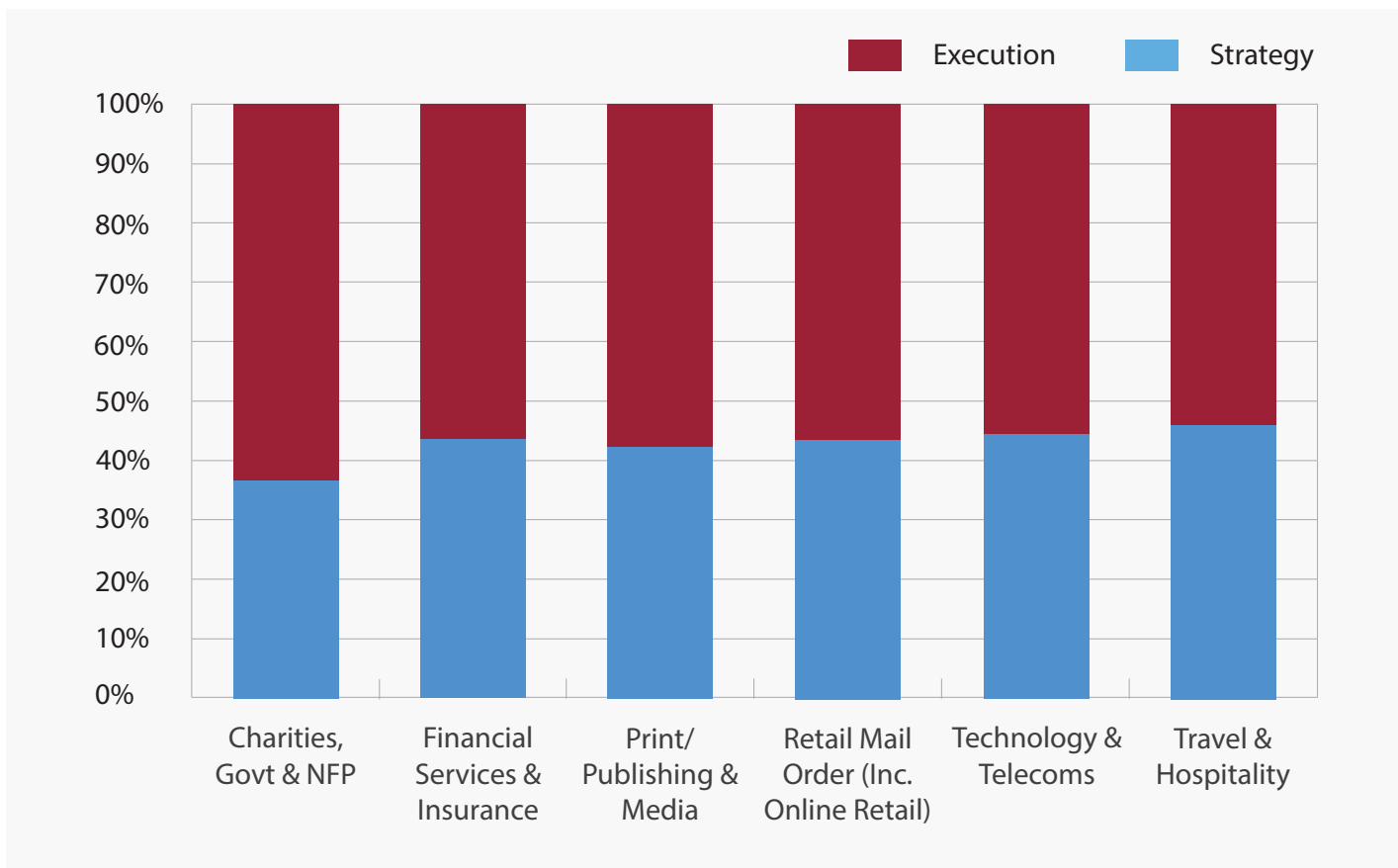
It's important to investigate how much time is spent on strategic activities (Strategy/planning, Optimisation & Reporting) vs execution (Design/content, Data & Transmission). While it's impossible to predict how long you should spend on a campaign as it depends on a number of variables - not least the purpose of the campaign, how many you regularly send, the number of variants, amount of personalisation etc – a good balance of strategy/execution is critical. Fig.5 shows most sectors are spending between 40 and 50% of their time on strategy and the remainder on execution. However, we would like to see a skew towards strategy as marketers should not be spending too much time on tactics. While no sector is the clear winner, Travel & Hospitality gains an honourable mention.

Fig.5 For a typical campaign, how many hours are spent internally on the following email-related activities? (2-8+ hours shown)

It's also worth noting that most of the tactical time is still spent on design & content - around 60-70% of all sectors. Reaching out to your supplier to assist with design or creating a communications plan around a set of re-useable templates are easy ways to save time to focus on your wider strategy and longer term concerns.




**Honourable
Mention :
Travel & Hospitality**



Email Tactics

Which email marketing tactics are being used most heavily in your sector? We look at the full range from segmentation, to triggers, mobile optimisation and beyond.

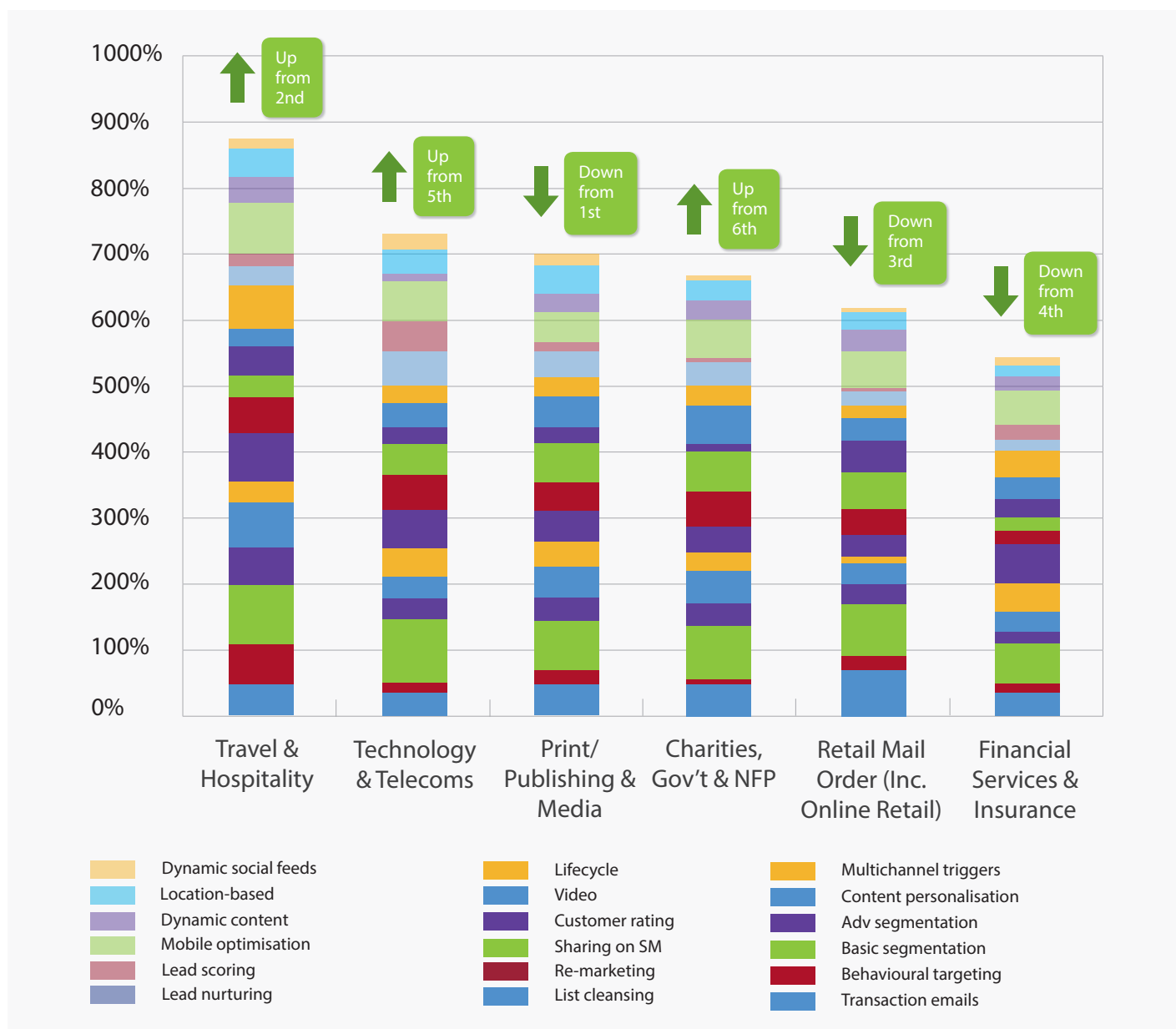
Travel firms are the most consistent users of email tactics this year and top the charts for the highest number used – they are top in 8 of our 18 practices (see Fig.6). Publishers have dropped back from last year, while Charities have shown again how they are embracing email marketing and making it work for them. Last year they were bottom of the field, this year they top the charts in three sectors and have leapfrogged retailers in their overall use of practices. Likewise Tech firms have put in a good performance moving from fifth to second position in 12 months.

The most favoured tactic is ‘Basic Segmentation’, followed by ‘Mobile Optimisation’. The least used are ‘Dynamic Social Feeds’ and ‘Lead Scoring’.



Star Sector:
Travel & Hospitality

Fig. 6 Which practices are a part of your email marketing efforts?



Drilling further into the data shows what has changed since last year. The tactic that has shown the biggest percentage growth is Advanced Segmentation (now used by 36% of the six sectors, up from 22% last year) – it's encouraging that marketers are seeing the potential of this powerful tactic. On the flip-side, Sharing on Social Media channels has seen the biggest percentage drop in usage (from 59% in 2015, down to 46% this year) – perhaps this means that social media marketing is showing diminishing returns.



Tip: Keep on top of the basics of good marketing practice, - eg segmentation, list cleansing, re-marketing – before selecting areas of 'lowest-hanging fruit' and looking to more advanced techniques. And when you do, ensure testing is in place to measure results accurately.

Mobile

Understanding how customers consume your email content on mobile devices, and having a strategy behind this, is key. Given the growth in mobile usage in all aspects of modern life (and work), companies that ignore this channel are treading a dangerous path.

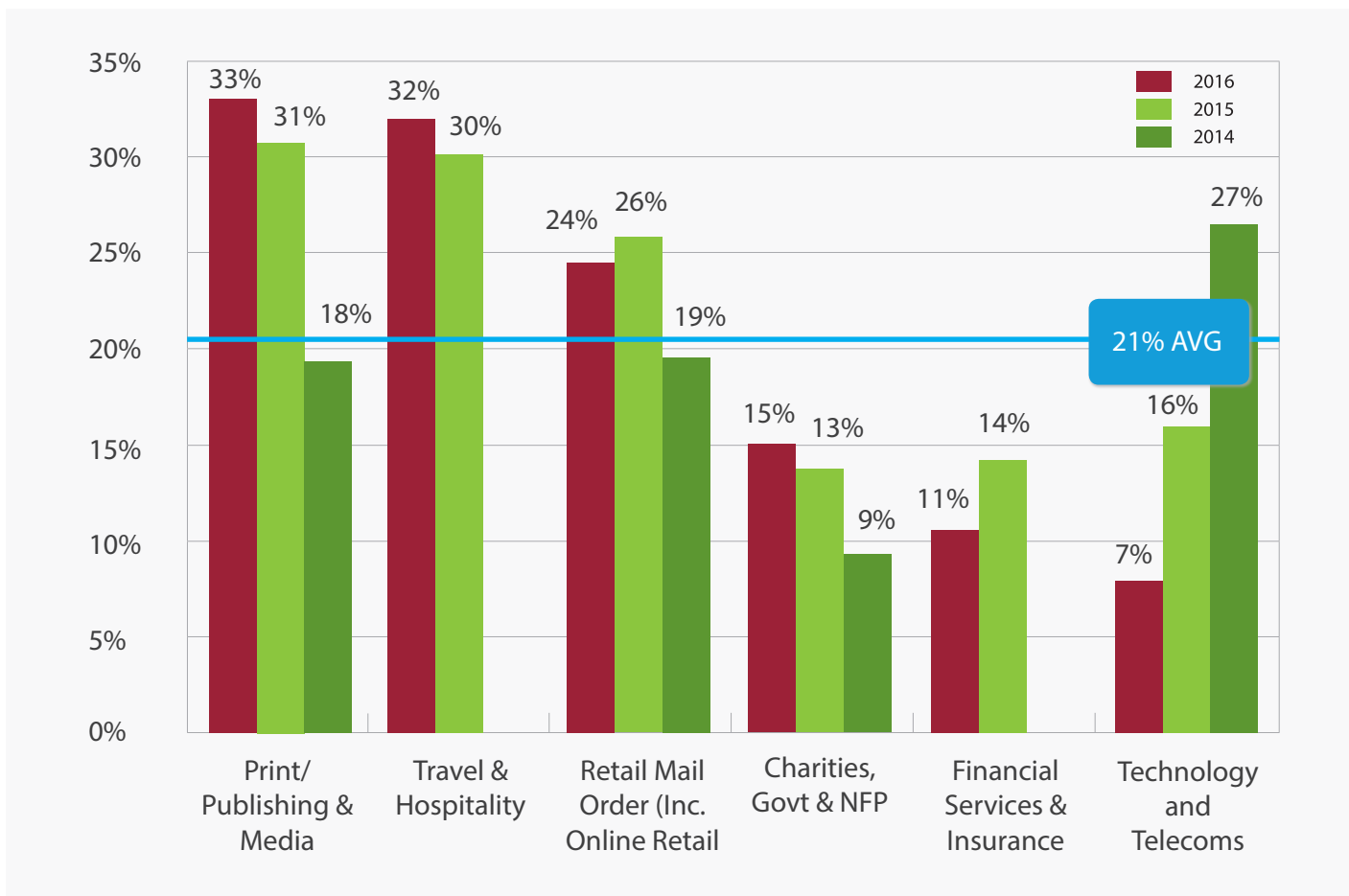
The most advanced sectors employing a mobile optimisation strategy are Publishing and Travel (see Fig.7). Retailers also score above the industry average. Comparing against 2015, Charities, Travel and Publishing have improved slightly, yet Retailers, Finance and Tech firms have actually dropped back. Putting this into context, this means that customers are faced with only one third of companies with a clear mobile plan, and two-thirds without. So most readers will see average email rendering and likely a poor mobile experience – representing a huge opportunity for improvement, and engagement levels.





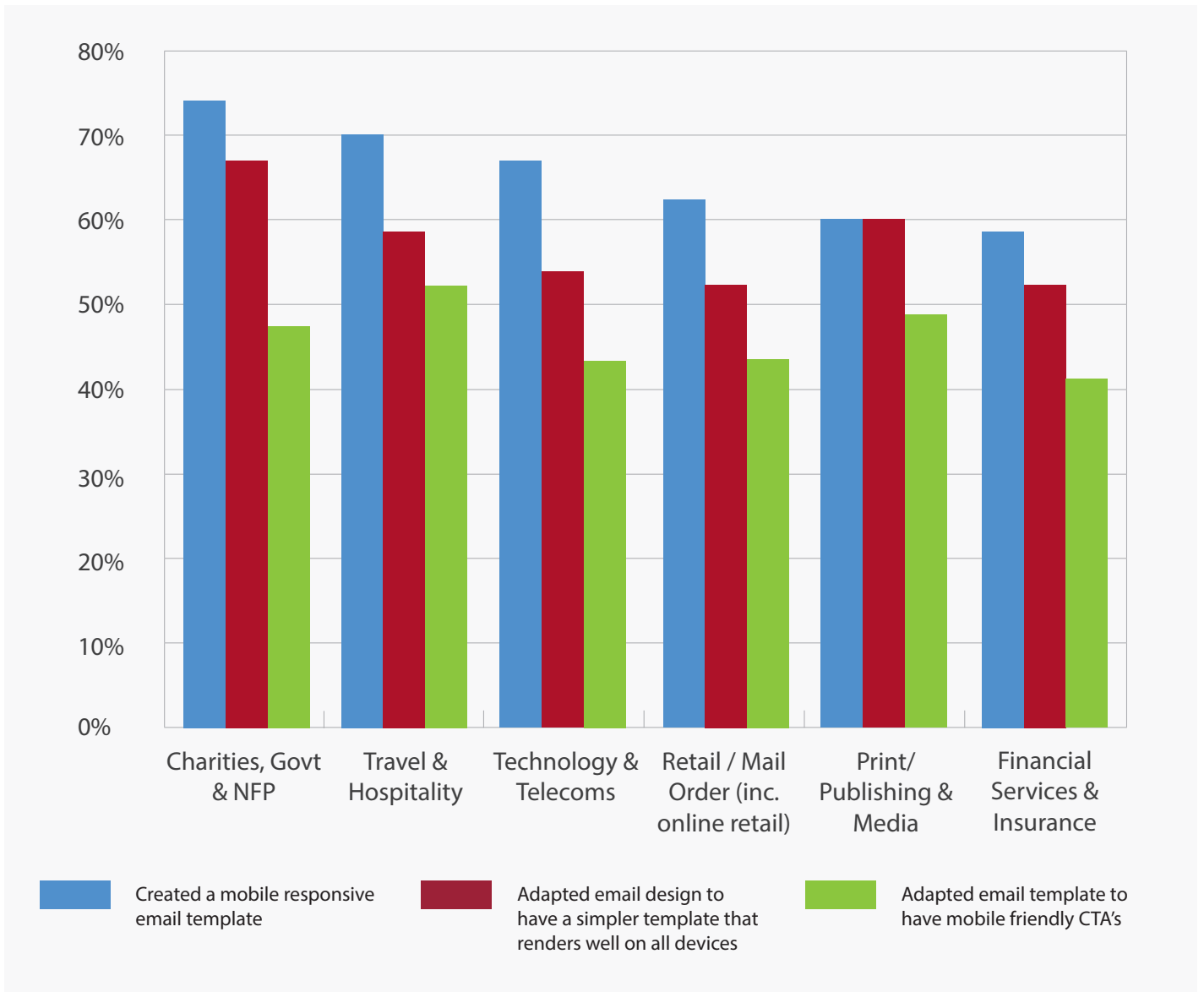
Star Sector :
Print/ Publishing & Media

Fig.7 How would you describe the extent to which your company has a strategy for optimising email marketing for mobile devices? (showing 'quite' or 'very advanced')



However, when looking at specific tactics that the sectors are already using to improve the mobile customer journey, we see a different picture emerge (see Fig.8). Looking at the top three most popular tactics – mobile responsive templates, simpler templates to render on mobiles, and mobile-friendly CTAs - results are much more uniform as all sectors are implementing similar tactics in today’s market.

Fig 8. What have you done to optimise email marketing for mobile?



TIP: Don't ignore mobile, having a clear mobile customer journey is proven to boost engagement and reduce unsubscribers – it's not as difficult as you might think to make the experience seamless.

Automation

Email automation promises many things - and is the number one focus for email innovation this year – but to have a programme considered a big success is rare. In addition to saving time, automation can deliver increased customer engagement and relevancy, but rather than seeing it as a huge undertaking, as with most things, it’s less daunting when broken down into smaller, achievable parts.

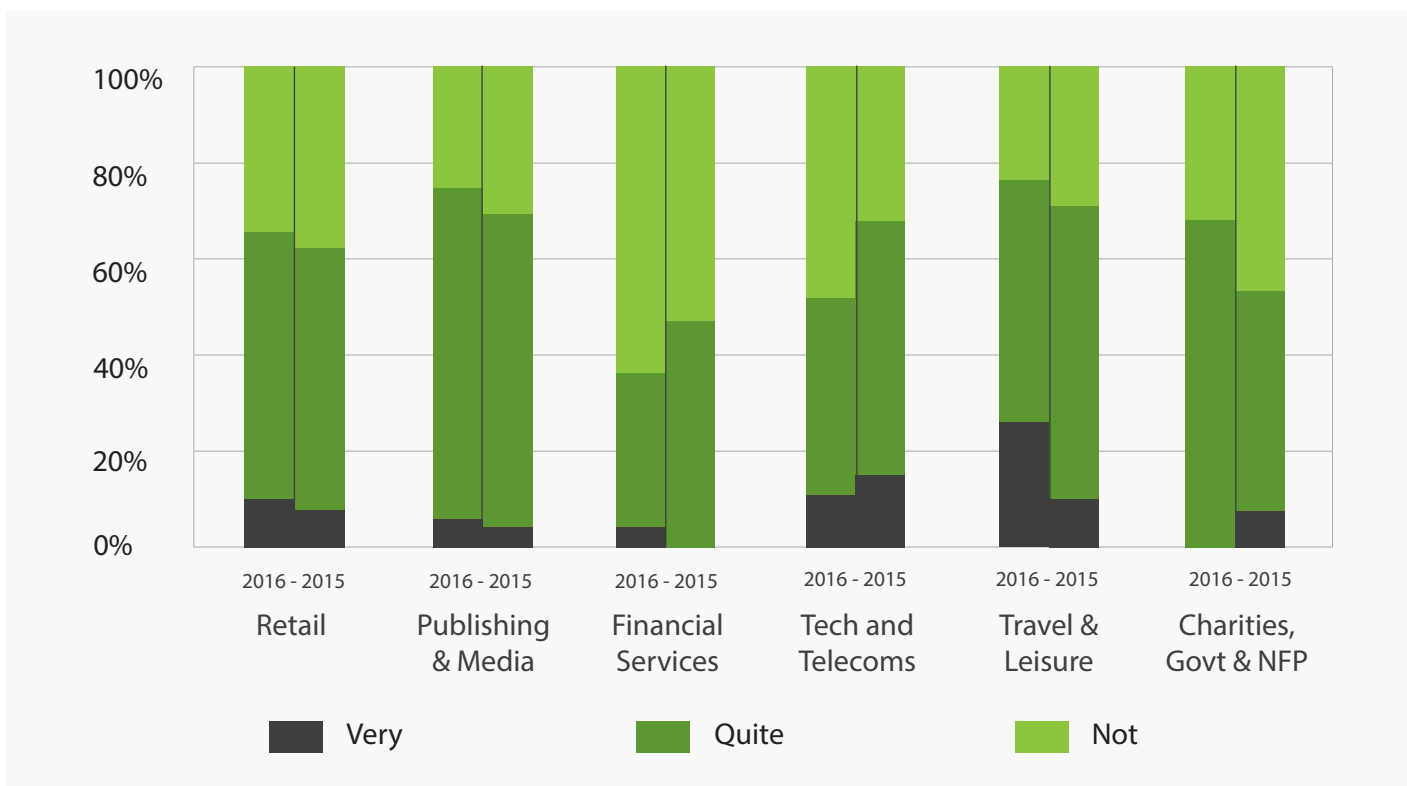





Star Sector :
Travel & Hospitality

When compared to 2015, Travel/Hospitality firms have seen an impressive increase to 24% of automated programmes being very successful (and 52% quite successful) (see Fig.9). The Publishing and Retail sectors have seen modest improvements in success. Overall, the majority of organisations are seeing some success in automation, it is only those in the Finance sector that are seeing more unsuccessful implementations than successful ones.

Fig. 9 How successful would you say you have been in implementing automated email marketing programmes?



 **TIP:** Even starting small can deliver impressive gains. Rather than saying I haven’t got the time for automation – an oxymoron in itself – take a longer term view and make incremental steps to build it into your strategy now, one programme at a time.

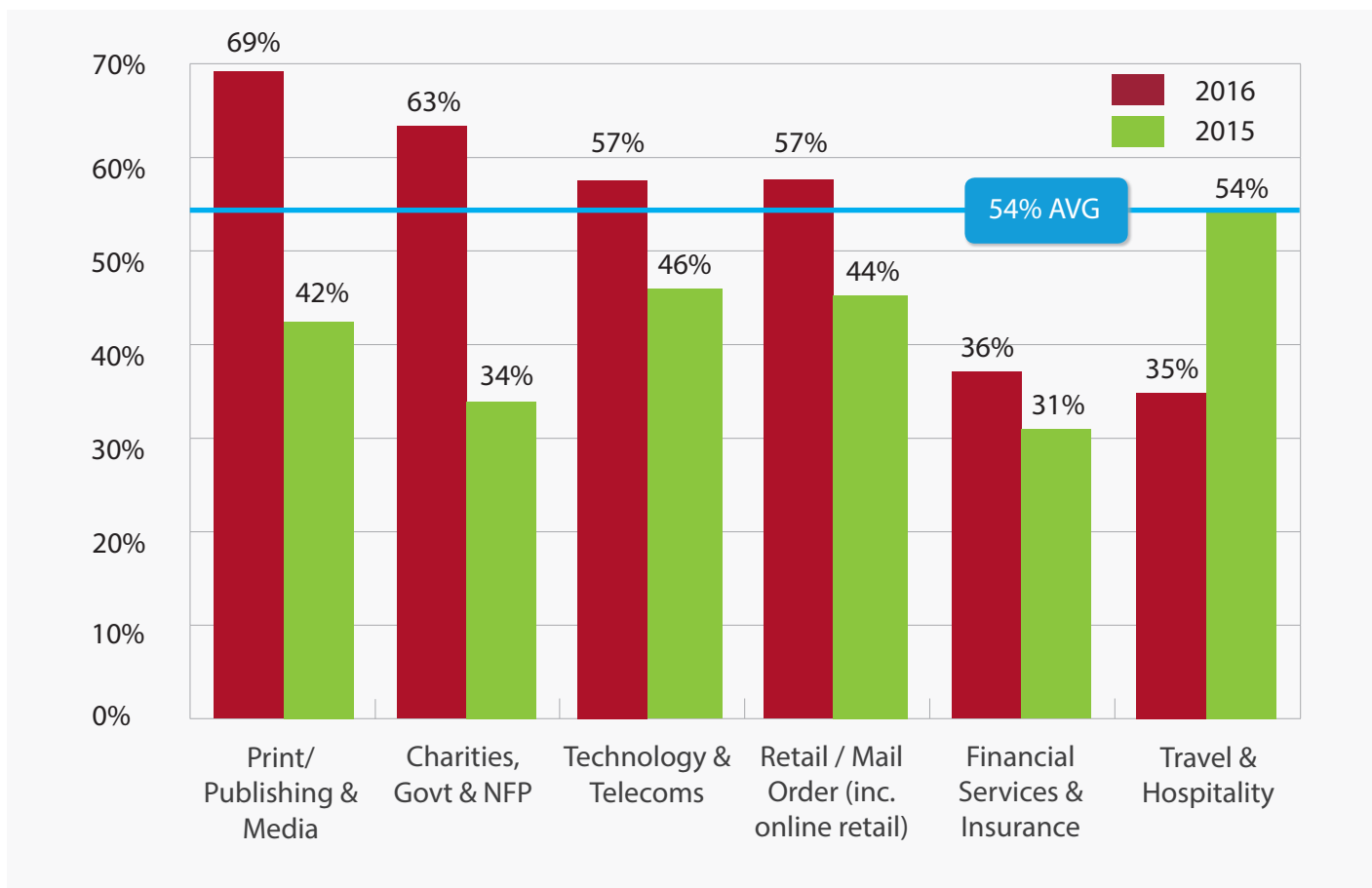
Love Is In The Air

The feeling of love goes beyond an analysis of functions, activities and stats. Since last year, over half of all companies now respond positively (see Fig.10). Clearly love is in the air for Publishing and Charities towards their email providers, with Tech & Telecoms and Retail not far behind. All sectors are feeling more love for their ESP compared to 2015, except travel – surprising given their high ROI and increased use of practices - perhaps they are finding progress quite a struggle and feel their ESP needs to put in a bit more effort to make love blossom for them once again?





Star Sector :
Print/ Publishing & Media

Fig 10: Do you love your email provider?



With decent technology and an easy-to-use interface now a standard requirement, email vendors need to offer users more. The real differentiator, especially for those respondents who aren't yet 'head over heels' for their ESP, is the service (or lack of) that comes with the software.



TIP: Look for evidence of proactive account management, and ensure tactical/strategic help is at the end of a phone. Email marketing is still a people business after all.

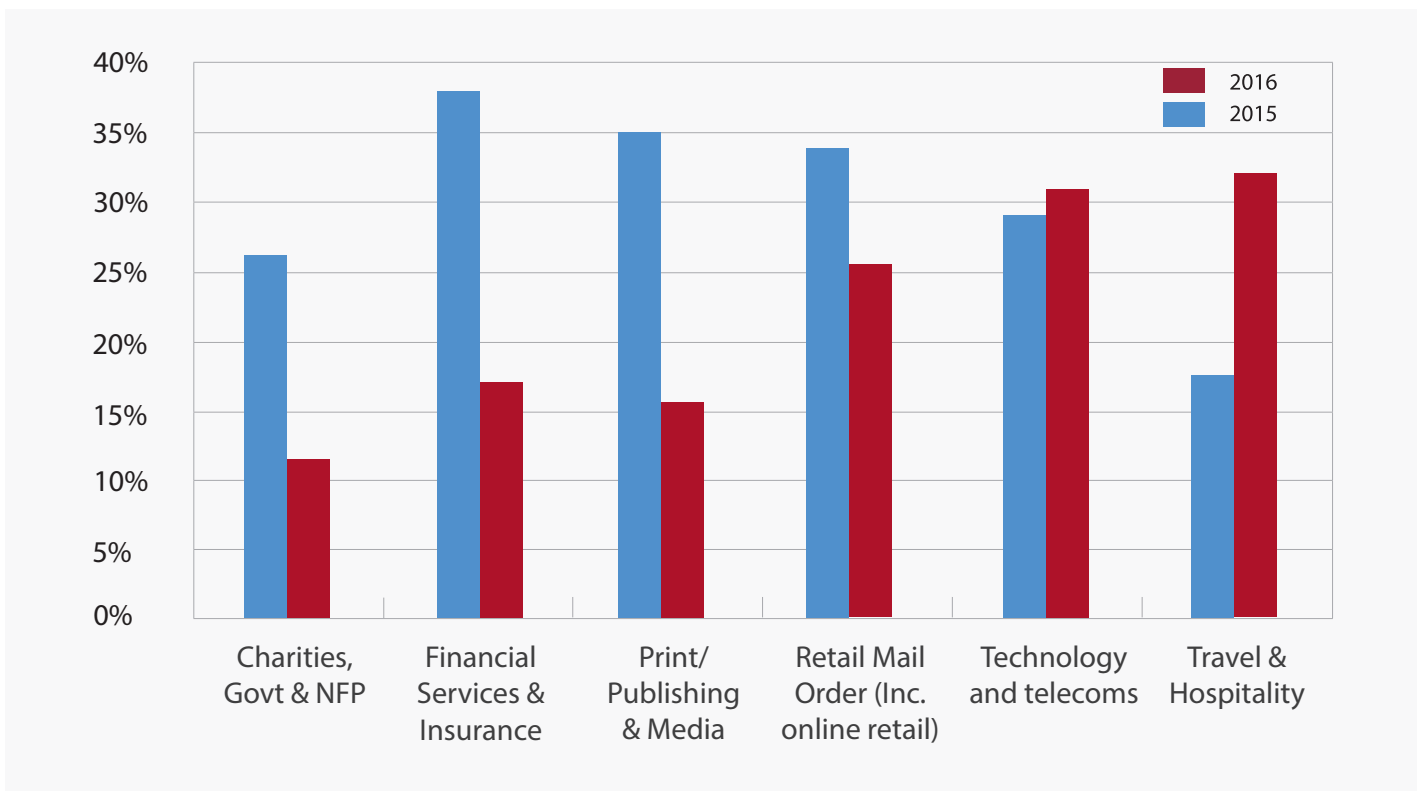
Data Law Changes

Data protection issues have been gaining increased visibility globally, following Edward Snowden’s revelations and the EU’s ‘right to be forgotten’. Most recently, the EU General Data Protection Regulation (GDPR) became law in May 2016, giving companies two years to comply. And in the UK, any forthcoming legislation will meet the same regulations. Similar to Canada’s Anti-Spam Legislation (CASL), it doesn’t matter where a marketer is sending from, it matters where their subscriber is based.

For email marketers this means they are going to have to change how they operate, particularly in terms of dealing with the new requirements for ‘explicit consent’ as well as the ‘right to be forgotten’. While this will impact most strongly companies sending within and to the EU, it will also have an impact on other global senders.

However, it appears the authorities need to do a better job in educating companies. The sectors show quite a variation in awareness – almost one third of technology and travel companies are unaware of legal changes and have the least practices already compliant (see Fig.11).

Fig.11 To what extent will recent EU data law changes impact your (or your clients’) approach to email?



The implications of this are that organisations will have to remodel their workflows and processes to accommodate these new changes – including data collection, CRM, audit trails etc. However, the fact that more than half are not yet compliant with these changes is a cause for concern.

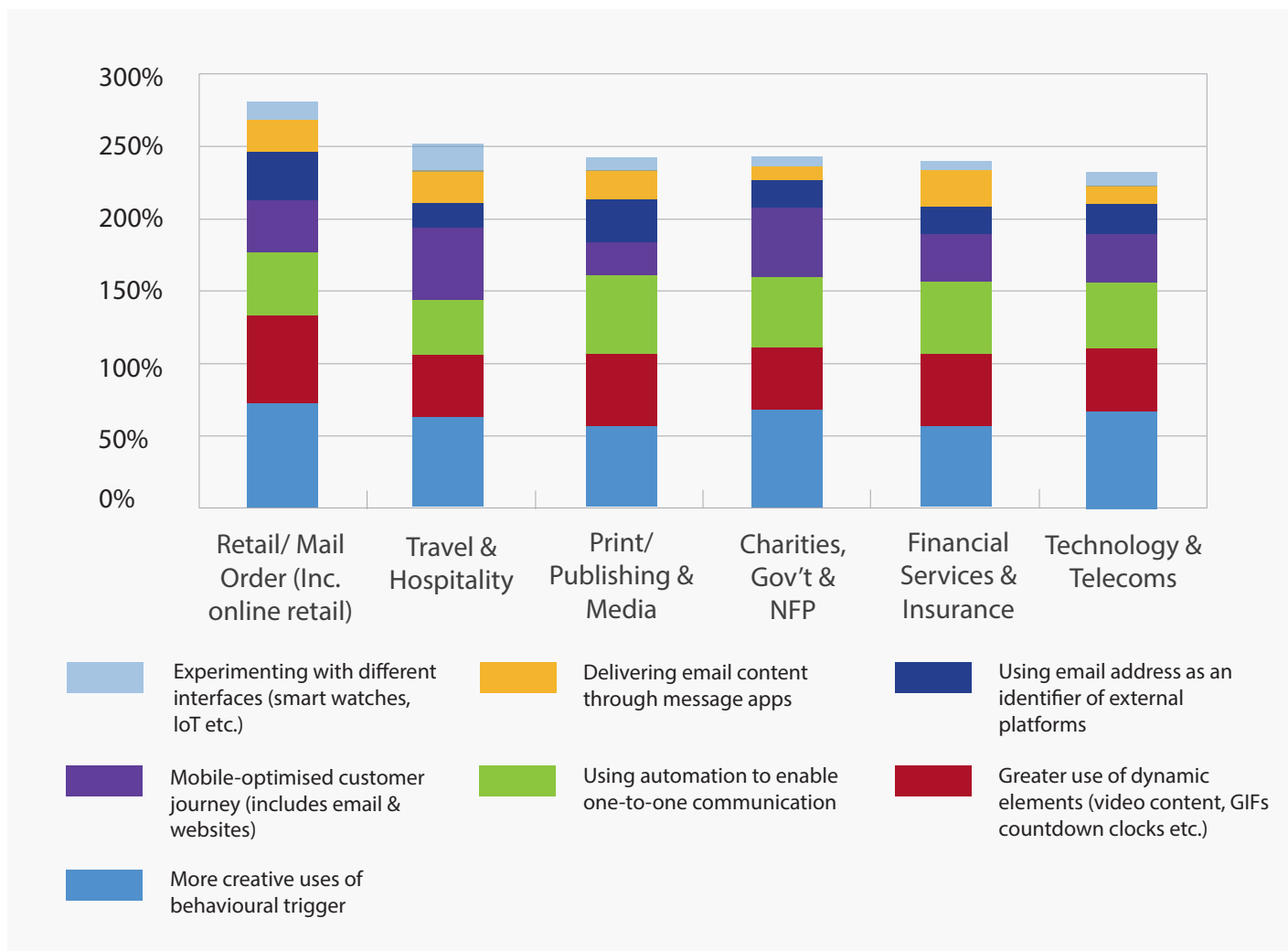
Tip: Make sure you fully understand forthcoming legislation – make someone responsible for it in your organisation – then make a plan to meet new rules. An ethical approach will pay dividends in the long term.

Future Innovation

In such a mature channel as email marketing, one might assume innovation has a limited scope, however quite the opposite is true. As technology unleashes the power to integrate with other business systems and other channels, it brings email to the forefront of your marketing stack. The scope for innovation ultimately depends on the appetite of the marketing team.

Email is constantly adapting and evolving as the market, technology, legislation and consumer behaviour changes. When asked about where the focus for innovation in email lies this year, most companies across the sectors say automation (see Fig.12). More specifically, they all agree on using more creative behavioural triggers. Retailers feel most strongly on this point. Use of dynamic elements and more automation to enable one-to-one communication are the next most important areas of focus this year.

Fig. 12 How do you intend to innovate with email in 2016?



It is gratifying to see that marketers have a positive outlook to the future of the industry. Exciting developments lie ahead as they look to improve their use of behavioural triggers, optimise customer journeys and engage in the one-to-one communication model of the future.

The Future Is Bright

Even with unique challenges for each sector, we can still highlight individual improvements across the board. ROI and email performance is at an all-time high as sectors adopt both new tactics and strategies and optimise existing ones. However, some sectors need to use the experience and successes of their peers and look at the opportunities, services and tactics available to really make the email channel work harder for them. Experimentation and testing are the name of the game.

The technology and services already exist to transform your email performance, the only limiting factors are the goals and aspirations of your marketing team.



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