Email and the Age of
First-Person Marketing

Is your email technology ready for the future?

Preface

The continued popularity of email as a communications tool means that it continues to deliver excellent returns for marketers across all business sectors. But its longevity and familiarity as a tried-and-tested digital marketing channel can mean that exciting new opportunities to engage prospects and customers are not being fully realized.

State-of-the-art email tools now enable companies to harness techniques such as segmentation, personalization and automation to their full potential. The First-Person Marketing approach to email means utilizing technology to deliver on the promise of 1:1 marketing which for too long has been more of an aspiration than a reality.

With email addresses in effect underpinning our online identities as consumers, marketers have an unprecedented opportunity to use the email channel as the cornerstone for effective cross-channel marketing campaigns which are heavily personalized.

This report aims to bring marketers up to speed with the full potential of email with an analysis of the latest trends and best practice insights relating to this pivotal marketing discipline.

We believe that this report can help you to assess whether your email marketing vendor is truly helping you to fulfil your marketing potential in this new era of First-Person Marketing. If your current vendor isn't delivering, then be bold and make that change.

Ryan Phelan
Vice President, Marketing Insights at Adestra

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The latest trends in
email marketing

Email has undergone something of a renaissance in the past two or three years. Far from being on the verge of dying out, as industry commentators have predicted time and time again, use of email as a communication and marketing channel is still extremely strong.

One of the strongest arguments in favor of email is its ROI, which remains the highest of any direct marketing channel. The *Direct Marketing Association's* 2015 *Response Rate Report* found that email campaigns conducted with house lists achieved an ROI of 30% to 32%, compared with 15% to 17% from social media, and 18% to 20% for direct mail using house lists.

"The reason you can't kill it is because it's just so useful," says Jeanne Jennings, email marketing strategy consultant and veteran of the email marketing industry. It's more effective than direct mail and as effective as telephone – and so much less expensive.

"It can be customized and personalized in a way that social media can't. Social media is a 'one to many' channel, but email is one-to-one."

Recent improvements in spam filters and a resurgence in email newsletters have contributed towards email's continued popularity. But what have been the most game-changing innovations in email marketing in recent years, and how can marketers 'future-proof' their email strategy against new trends and developments? What are the qualities of a true 'best-of-breed' email service provider?

Let's take a look. **>>**

Responsive templates and the rise of mobile

The rise in consumer use of mobile devices to access email has made email almost like the new text messaging – a quick, convenient and portable way to keep in touch with people.

According to the *Consumer Digital Usage and Behavior Study,* conducted by Adestra, 84% of smartphone users use their phone to send and receive personal email, and 34% use it for business email. For 24% of smartphone users, email is the first thing they check on their phone when waking up in the morning.

This means that sending emails that display well on mobile is crucial for marketers who want to stay relevant. The advent of mobile-responsive email templates has gone a huge way towards making this possible.

"The world is no longer going mobile; the world *is* mobile," says Tim Clark, Vice President of Analytics and Insights at NASCAR. "I think that responsive templates have been incredible for the [email] space. To have the ability to design a single template that will render across all devices — that's great for marketers, and great for the user."

Changing the game: automation and segmentation

One of the biggest game changers for email in recent years has been automation. Modern day email marketing automation goes beyond just sending an automatic reply to confirm that a purchase has >>

"To have the ability to design a single template that will render across all devices - that's great for marketers, and great for the user."

Tim Clark, *Vice President of Analytics and Insights, NASCAR*

been made or that an account has been registered. With automation, email sends can be triggered based on behavior, or based on logic — if certain conditions are met, then an email is sent.

This allows email sends to be much more highly personalized, and also relevant – reducing the amount of unwanted messages that would languish in a user's inbox unread, or lead to an unsubscribe. Clark describes how NASCAR has made use of automated triggers in its newsletters, and the results that this has delivered:

"We send a 'weekend preview' newsletter on a Friday, and if fans open it – whether they click through or not – they are added to a segment, and they'll receive the weekend recap email on Monday. If they don't engage at all, then we won't send them the recap email on Monday." explains Clark. "We've been using automation in our email marketing for around the past two years. The open rate on the preview email has been extraordinarily high, and the open rate on the Monday email is even higher."

Closely tied in with this is the art of list segmentation – splitting your email list into groups consisting of people with different characteristics, and targeting them with different email sends. Lists can be segmented any which way, depending on the data you have and what you want to use your email messaging for.

For example, George DeFlora, Marketing Analyst at BlindsToGo, explains how the company uses list segmentation to target users who are at different stages of the purchasing journey.

"If they're higher up in the funnel, ordering samples and catalogues for example, we would send them more informational emails. If they're closer to purchase, we're able to send them more promotional emails right away, to try and get them into the store or online."

DeFlora adds: "Segmentation and automation allow us to drive the user journey and user experience throughout the campaign, by understanding exactly where our users came from and how they're interacting. We have all of that at our fingertips,

which allows us to plan out whole user experiences."

Data collection and APIs

However, if there is one catch to automation, it is this: the need for data. It is hard to create automated triggers without information on what should set them off, and any level of personalization in marketing requires data about your customers' habits and preferences.

Once you've collected this information, how do you share it with your email program? Application Programming Interfaces, or APIs, can help with this. "You've got to have APIs so that you can get data from other systems – everything needs to talk to one another," advises Jennings.

Between mobile responsiveness, automation and APIs, doing email marketing well is an increasingly technical game. Striking up a strong email provider partnership could be the key, but what are the qualities of a best-of-breed ESP?

The qualities of a best-of-breed email service

Many companies carry out their marketing activities via an all-in-one platform in which email is just one of a suite of tools. While this can be useful from a connectivity perspective, the email module of an all-in-one platform may just be designed for sending messages, rather than the type of best-of-breed tool that marketers need in order to succeed with email.

A true best-of-breed email service provider needs features such as detailed, granular reporting; responsive templates that make it easy to build mobile-adapted messages; integration with databases for segmentation, automation and triggering; and of course, a responsive customer service team in case something goes wrong.

Clark points out that flexibility in an ESP is also key in order to adapt to an email marketer's evolving needs.

"Our needs, as I'm sure is the case with most marketers, change in real-time. If you're going >>

to enter into a multi-year partnership with an email service provider, it's likely that your needs will be dramatically different a year-and-a-half or two years on than they were when you started."

A user-friendly interface is another must; an email service provider can have all the technical functionality in the world, but create more headaches than it solves if it isn't easy to use. Whether you're buying an email service as part of a suite of tools, or as a stand-alone program, it pays to investigate these features and make sure that you're getting all the functionality you need.

How to future-proof your email strategy

Technologically innovative email service providers aside, how can marketers themselves make sure their core strategy can withstand any sudden upsets or major changes in the industry?

One key piece of advice is to test often – be constantly refining your email sends by testing different approaches and noting the results. "You should be doing at least one big strategic test a month, and at least one small test – a subject line or pre-header – per week. Even if you can't test with every send, you can still move forward by testing

often," Jennings continues.

Clark also advises keeping on top of analytics – an important complement to carrying out any testing – to stay ahead of any developments with your customer base. "Email as a channel is a really powerful tool – there's no shortage of analytics that you can get. If you start to see a trend, you can react to it ahead of time, as opposed to being reactive to it."

DeFlora believes that as personalization and targeting become more commonplace, email marketers will need to become more and more creative in their approach in order to keep consumers' attention.

"It's an adapting, changing environment, and we're going to have to get more creative because eventually, users are going to get used to the communications getting more personalized.

"You need to keep adapting and keep looking for ways to stay relevant and fresh in the inbox. The more the inbox gets crowded, the more different you have to be to stand out." ●

The evolution of the consumer

In recent years, marketers have been spoilt for choice by the dizzying number of options for connecting with consumers. But as preferences and behaviors change, does email still have an edge?

The emergence of social media and continued dominance of the smartphone have opened up myriad channels. Yet while some marketers may have been seduced by the possibilities of search or social, the results are in, and people of all ages still – to an overwhelming extent – prefer to receive their business communications (i.e., not personal messages) by email. The figures speak for themselves. Year over year, email continues to reign as the top-performing channel for return on investment.

It's not hard to see why. People are permanently plugged in to their devices, which receive countless communications a day. According to the 2016 Adestra *Consumer Adoption and Usage Study,* more than half of email messages are now read on mobile devices.

But it's not just this constant availability that makes email a great marketing channel. Emails can be personalized to an incredible extent, serving up timely content that's most relevant to consumers, boosting conversion and engagement levels.

Email still holds great potential for marketers. However, given the volume of email the average consumer receives, they have become wise to a lot of the 'spray and pray' tactics of old. Marketers need to pay close attention to their email marketing strategy, in order to avoid being cut off by the dreaded unsubscribe button. **>>**

Consumers are getting smarter about email

Consumers are much more sophisticated about email today than they were a decade ago, or less, and are becoming ever more discerning in their email preferences.

They have developed tactics to manage their email across devices, and demand that marketers respect their inboxes. They reward marketers who message appropriately – that is, by sending highly relevant, personalized messages at acceptable levels and engaging with them beyond the purchase.

They also punish marketers who don't by unsubscribing, hitting the spam button or just ignoring them. In fact, Adestra's 2017 *Consumer Digital Usage and Behavior Study* survey found that undesired emails result in an unsubscribe action 78% of the time – up from 67% in the 2016 survey.

In other words, consumers know what they're doing and what they want from the brands they choose to engage with.

iGeneration

There's a lot marketers can learn from the younger generations' attitude to email. One of the biggest surprises that came out of Adestra's 2016 survey was about the teens. Seventy-three per cent of respondents aged 14 to 18 said that email is a part of their everyday lives, with 68% preferring email over texting and apps as a method of receiving commercial messages. Teens aren't dismissing email because they think it isn't cool anymore. In fact, it could be said that they're better at looking at the channel than a lot of marketers.

The survey highlighted the phenomenon of "email triaging", a tactic particularly favored by teens and millennials, whereby users scan their inboxes quickly, deciding what they'll read now, read later, delete and ignore.

Despite the growing trend for filtering your email inbox, it's worth bearing in mind that many users still enjoy receiving email messages from businesses. Adestra's 2017 survey found that nearly 34% of all respondents reported having signed up to receive emails or text messages from companies seeking their business. That's up from 28% in the 2016 survey.

But what should marketers be doing to engage with this new, savvy audience?

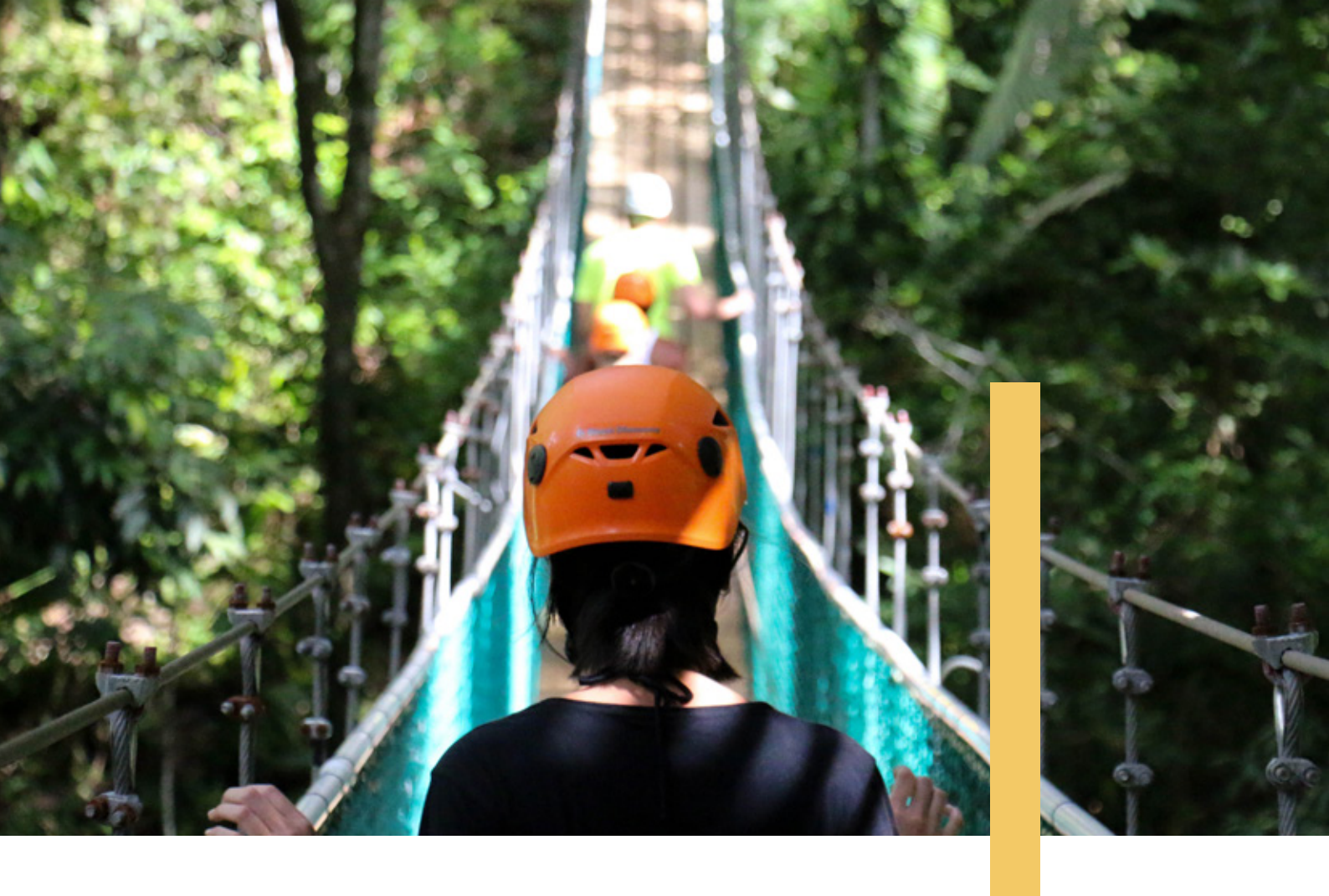## Email marketing is dead. Long live email marketing

Given the fact that customers can swiftly and easily cut off connections with a company by hitting the unsubscribe button, and their willingness to do just that, it's clear that the old 'batch and blast' method of sending thousands and thousands of identikit emails to entire mailing lists simply isn't going to cut it anymore.

Broadcast email works, and has a place in an evolving email marketing program. However, its effectiveness over the last 10 years has been waning. Consumers are becoming accustomed to more personalized emails – it's what they now expect.

First-Person Marketing gives marketers the ability to achieve this high level of personalization – it's 1:1 marketing done at scale.

Advanced technology and data integrations allow marketers to create the kind of personalized, relevant messages for a mass audience that look as if the marketer composed a personal message to each customer in the database.

By incorporating preferences, behavior, interests, lifecycle/journey touchpoints and other data points in each message, 1:1 marketing creates a "first-person" experience that tells recipients individually that they are understood and valued as individuals, and not just more records in a database. >>

Case study: NakedWines.com

NakedWines.com is an online wine subscription service, which delivers its customers bespoke wine selections from exclusive suppliers at wholesale prices. It's able to make its highly personalized recommendations to customers, called "Angels", by taking note of their previous purchases and subsequent ratings.

Objectives

The brand approached email service provider Adestra to make it possible to provide this experience at scale in their email campaigns, to drive customer loyalty by increasing engagement and satisfaction, and sell wine more closely aligned with individual customer preferences.

Wine selection is a highly personal and nuanced affair. How is it possible to work this into an email marketing strategy?

Solution

Adestra suggested adding personalized product recommendations to NakedWines.com's emails. With Adestra's support, the NakedWines.com development team incorporated the relevant code into the email templates, set up the automated campaigns, quality assured and tested them.

The emails now deliver up to five unique wine recommendations with a percentage certainty based on the data fed from the recommendation engine. Conditional email content, personalization, calls to action and recommendations are driven by data variables including the customer's basket content, account balance and number of wines rated.

Result

NakedWines.com reported an increase in email engagement, and enjoyed a 40% conversion rate on the emails, a 5.2% increase in site conversion with customers who clicked through the email, and a 7.9% increase in gross profit per customer, or 8.5% uplift in contribution per customer.

The future of email marketing

Email isn't going to die, in the sense that some flashy new miracle communication system is going to replace it. Rather, email as a system to deliver promotional messaging is evolving into a higher form.

One significant shift on the horizon is the emergence of artificial intelligence and machine learning. In fact, machine learning is already helping marketers sort through mountains of data to find meaningful connections that drive more relevant messaging.

The promise these developments could offer even in the realm of email marketing is staggering, but, for the time being, the applications are limited to specific tasks.

Tools that use artificial intelligence or machine learning are expanding horizons for First-Person Marketers, but their protocols are still in their infancy. While they hold a lot of promise, Adestra is concerned that most marketers are still grappling with the fundamentals of using data in basic activities such as segmentations, targeting and triggered messaging.

Adestra leans toward propensity models and predictive models. Marketers can apply machine learning to simple areas such as subject line and copy testing, but these and other cognitive tools, while they make for great demonstrations at user conferences and trade shows, are still beyond most marketers' capabilities right now.

Once marketers become expert users on the fundamentals, especially using data to guide their messaging strategies, then they can reach higher with the data models that are at the center of AI and machine learning.

Evolving, adapting and improving our messaging strategy will help us be ready for the next developments in email marketing and even get out in front of it when it happens. ●

Email: the foundation of **online identity**

For marketers looking to deliver personalized, cross-channel campaigns, email marketing is a key channel. But to access the benefits of personalization, marketers must first be able to pick out individual customers amidst the noise of other data.

An email address allows marketers to identify users in a way that simply isn't possible when using web-based cookies – tracking their behavior across services, platforms and devices.

"No other digital identity gives you the ability to address your customers one-to-one. The web-based cookie is crumbling as more consumers add cookie- and ad-blocking to their browsers. But the email address reigns supreme," says Ryan Phelan, VP of Marketing Insights at Adestra.

In fact, according to Phelan, with a customer's email address, it's possible to unlock more information about a single individual than it is with their Social Security number.

This makes email marketing the natural starting point for any personalized campaign, as it provides a reliable way of communicating directly with a customer. "In email marketing, we can identify the person we're talking to every time because we have their email addresses. We're going into their inboxes," Phelan continues. **>>**

Addressability

'Addressability' is about identifying exactly who customers are across channels through their email address. By identifying customers, and understanding their behaviors and preferences, marketers can tailor marketing messages that are most appropriate to them. "Email content should evolve to speak to consumers directly based on how much you know about them," Jenny Lassi, Director of Operations at digital agency High Road Solutions, told ClickZ Intelligence.

More information than ever is now available to marketers looking to understand where individuals are on their consumer journey. This is partly a function of the rising integration of digital channels into customers' lives. Adestra's 2017 *Consumer Adoption and Usage Study* found that 92% of all 19- to 34-year-olds used a smartphone, 84% use a laptop computer and 56% use a tablet. And, according to Nielsen, 91% of adults have a mobile phone within arm's reach 24 hours a day.

What's more, each device now encompasses multiple channels. Gone are the days where television shows are just watched on a TV, emails checked on a desktop computer and phone calls made on a phone. Taking the latter as an example: in the same report by Adestra, respondents said their smartphones were multi-functional – 86% said they used it to check their personal email, 79% to check social media, 92% to send and receive texts.

I tweet, therefore I am

With tech heavily integrated with consumers' daily lives, and a host of digital channels at their fingertips, customers have now developed a **cohesive online identity** that marketers can access.

The most obvious examples of this digital identity are on social media sites like LinkedIn, Twitter and Facebook, where users volunteer **personally identifiable information** alongside data about their activities and interests – both of which are of great interest to marketers. Their online behavior is >>

"With a customer's email address, it's possible to unlock more information about a single individual than it is with their Social Security number."

Ryan Phelan, VP of Marketing Insights, Adestra

another aspect of this identity. By analyzing which websites customers visit, marketers can gain interesting insights about interests and preferences.

But the most basic form of this virtual identity is arguably an email address. Despite predictions of its demise, email continues be a central part of the online world. Research by Adestra found that 78% of teenagers have an email address because it's part of their everyday life, 45% use email to communicate with friends and family, and just 5% said they rarely use email.

What's more, 83% of respondents use an email address when signing up to use an app or social media account – demonstrating its function as a validator of customers' online identities.

But marketers can also use the email to go beyond email to Facebook and other social media that use email to identify users. Ryan Phelan recommends that email marketers obtain the customer's 'best' (i.e. most valued) email address to do any effective cross-channel marketing as many individuals maintain throwaway or phony email addresses, to which they direct email messaging from businesses.

First-Person Marketing

Obtaining a valued email address is the first step. What happens next? As mentioned in Chapter 2, new marketing technology is allowing marketers to create a first-person experience that gives customers the impression that they are being addressed and valued as an individual.

Personalization is a key aspect of this, and one which email marketing can excel at. Some say personalization has now become a necessity if marketers want to use the channel successfully. First-Person Marketing allows marketers to optimize their email efforts by using customer data in different ways, such as by targeting messages to specific segments rather than to everyone, and create A/B testing models to determine what approaches work best.

Gartner predicts that by 2018, companies that have invested in personalization will see a 20% improvement in sales over those who haven't.

It's important to note that rising consumer standards have played a part in this drive to personalization. Adestra's *Consumer Adoption & Usage Study* in 2016 found that six of every 10 respondents say they get too much email. Improvements to spam filters, and a lower tolerance for unsolicited or poorly-targeted emails means a high bar has been set for email marketers looking to generate good ROI. However, customers are still open to the benefits that personalization can offer them. A 2013 McKinsey survey showed that 35% of online buyers are willing to share personal information in return for targeted offers, such as promotional coupons.

Data, meet data

Marketers can achieve this level of personalization via advances in email marketing software, which allow the integration of data insights from other marketing channels, and in turn the delivery of highly relevant messages to particular groups.

"Is it getting easier to integrate your email activity with other channels? For sure," Lassi says.

"The tools available now mean that, depending on the platform, that data is an API call away from living in your database. That means you can query it along with existing data coming in from other revenue sources and channels."

The ability to pull data from multiple sources supercharges behavior analysis, and allows marketers to better track customers across channels.

Looking Ahead

All in all, email provides a unique opportunity to deliver personalized, ultra-relevant messages directly to audiences.

To make the most of a high-volume channel like email, marketers must embrace the tenets of testing and optimization. Testing provides valuable feedback on exactly what works and what doesn't, and can focus optimization efforts on the aspects of a campaign that need it most.

However, it's important not to be led astray by capricious industry trends. In fact, Lassi argues that marketers shouldn't be trying to 'future-proof' their email marketing strategy at all: "'Future-proofing' something means you know where it's going and you have a set mindset. But you need to evolve with the fluctuations in the industry."

She recommends using reporting data to drive all business decisions, rather than guessing what the next move should be. "While your gut instinct might tell you one thing, the data might tell you something else – so it's always best to start there." ●
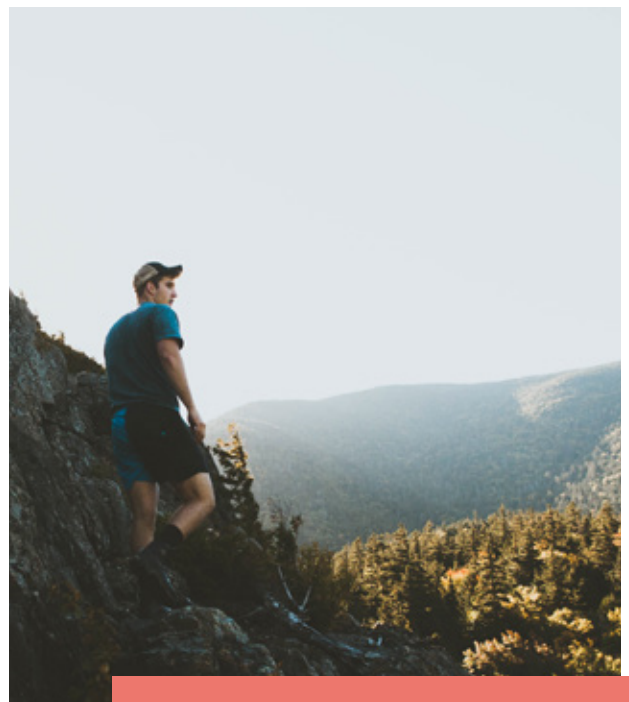
Email marketing
statistics

How does the average consumer manage their email accounts?

So far, we've looked at the potential of email as a communication channel for marketers, and how personalized campaigns can deliver success.

In this final chapter, we look at the findings of Adestra's *Consumer Adoption and Behavior Study*, which every year seeks to find out how people are using their devices, and gauge consumers' communication preferences.

By considering the results, we seek to answer the questions: how does the average consumer manage their email accounts, and what can marketers learn from this behavior?

The value of email

We've already seen that email is by far the preferred communication option for interacting with a business, and that people are happy to sign up to receive updates from their favorite brands.

Overwhelmingly, consumers also prefer to use their email address to sign up for apps (83.4% of respondents said they preferred this method, compared with 14.2% who said they preferred social media).

The smartphone is a preferred device for keeping an eye on email – more than four-fifths (83.8%) of all respondents to the survey said that they use their smartphone for personal email.

However, Adestra's research has also found that many consumers have a triage system for the communications they receive from companies – in fact, the average consumer has 3.2 email addresses, and 46.7% have an entirely separate email address for emails they rarely intend to open. **>>**

91%

Adults who have a mobile phone within arm's reach 24 hours a day

(Nielsen)

73%

Individuals who will unsubscribe when confronted by an undesired email

(Adestra)

34%

Individuals who have signed up to receive emails or text messages from companies that seek their business

(Adestra)

47%

Individuals who have a separate email address used exclusively for emails they rarely intend to open

(Adestra)

3

Average number of email addresses people have

(Adestra)

Why they sign up to receive emails

Two-thirds (33.7%) of all respondents said they had signed up to receive emails or text messages from companies that seek their business, but what's their motivation?
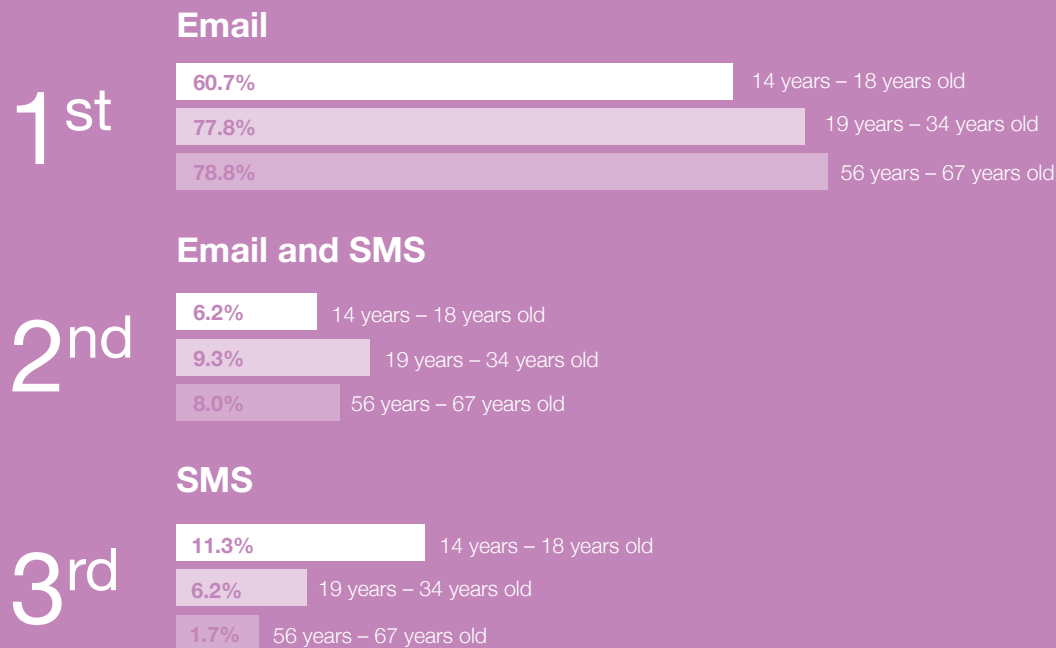
In Adestra's survey, receiving discounts emerged as most important reason for signing up to receive email from businesses, and this was the case across all age ranges (85.7% of 14 to 18s selected this, compared with 84.8% of 19 to 34s, and 84.2% of 56 to 67s).

What turns them off

While many appear to enjoy the emails they receive from businesses, according to this year's survey, 34.9% would like to see fewer emails than they're currently receiving. And consumers aren't afraid to vote with their feet – undesired emails will result in an unsubscribe action nearly three-quarters (73%) of the time.

What's more, if consumers are confronted by an email that doesn't look good, they'll most likely delete it (64.6% of 14 to 18s said this, compared with 69.0% of 19 to 34s, and 88.2% of 56 to 67s).

Preferred communication preferences for interacting with a business:

Email

1st

60.7%	14 years – 18 years old
77.8%	19 years – 34 years old
78.8%	56 years – 67 years old

Email and SMS

2nd

6.2%	14 years – 18 years old
9.3%	19 years – 34 years old
8.0%	56 years – 67 years old

SMS

3rd

11.3%	14 years – 18 years old
6.2%	19 years – 34 years old
1.7%	56 years – 67 years old

Reasons for signing up for emails:

To receive discounts

1st

85.7%	14 years – 18 years old
84.8%	19 years – 34 years old
84.2%	56 years – 67 years old

If I love the brand

2nd

49.2%	14 years – 18 years old
31.6%	19 years – 34 years old
27.5%	56 years – 67 years old

To get product/services updates

3rd

49.2%	14 years – 18 years old
36.3%	19 years – 34 years old
45.8%	56 years – 67 years old
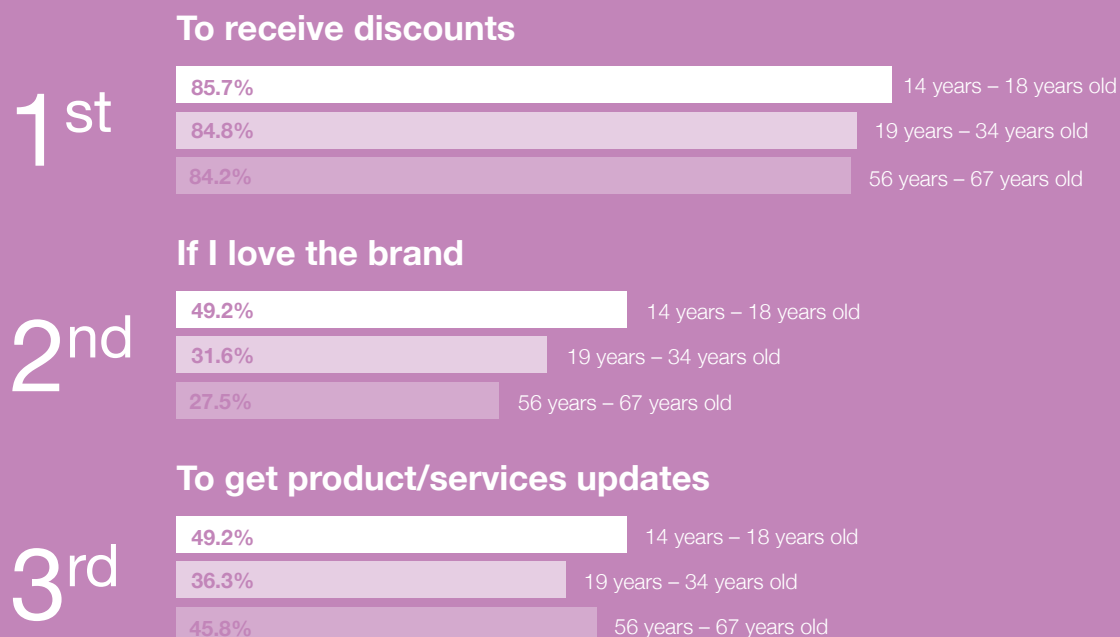
Conclusion

Despite predictions of its downfall, email is thriving. Its enduringly high ROI, ease of use and popularity among consumers means the channel continues to be a campaign cornerstone. But for it to be effective, it must be done right. As competition for customers' attention intensifies, their tolerance for the broad-barrel, `batch and blast' approach weakens. Customers are smart, tech-savvy and won't hesitate to cut ties if brands don't deliver the quality they've come to expect.

This means marketers must demand more from software providers - especially in key areas like audience segmentation, automation and data integration with other channels. As the rate of technological change accelerates, choosing the right vendor can be the difference between success and failure. Luckily, some are meeting the challenge, empowering marketers to deliver highly personalized, First-Person Marketing campaigns to an engaged audience. If your needs aren't being met, it may be time to make the call to switch vendors.

What can we conclude from all this? While advances in technology may alter email marketing drastically over the next few years, it seems this channel is here to stay. ●

Are you tired of getting bad service from your ESP? Look no further.

Adestra has exemplified an overwhelming commitment to and obsession with providing unparalleled software AND a service to email marketing for over 12 years.

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Give us a call and see what real support is like.

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