



Ecommerce Quarterly

EQ3 2013:

More Bad News for Email?

Executive Summary

More bad news for email?

Email remains a critical channel for online retailers. Marketers must make email part of a multichannel strategy that includes often-siloed initiatives such as data, analytics, website development, and mobile, while focusing equally on acquisition, retention, and customer experience.

In the previous release of the Ecommerce Quarterly (EQ2 2013), we analyzed email engagement and diminishing returns around key performance indicators (KPIs) such as traffic and conversion rates. In EQ3 2013, we take a further look at email, introducing perhaps the most important metric of all: revenue.

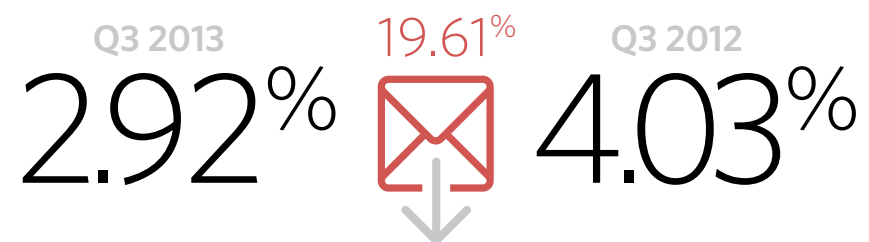
If decreasing website traffic and conversion rates from email don't get marketers' attention, lost revenue should move them to take immediate action. In just one year, revenue to leading ecommerce websites from email is down 17.7%. While reactions to less traffic and conversions typically result in sending more emails, lost revenue is further proof that this strategy doesn't work. The question is why?

Multichannel retailers sent 22.8% more email between Q2 2012 and Q2 2013, according to Experian Marketing Services' (EMS) Quarterly Email Benchmark Study Q2 2013.¹ As the frequency and volume of emails increase, internet service providers (ISPs) no longer only look at domain

name reputation, spam complaints, sender authentication, or if an email list contains bad addresses or inactive users to determine deliverability. ISPs remain concerned about privacy, inactive users, and entities compromising an account, so they continue to look for ways to decrease the sheer volume of email being sent.

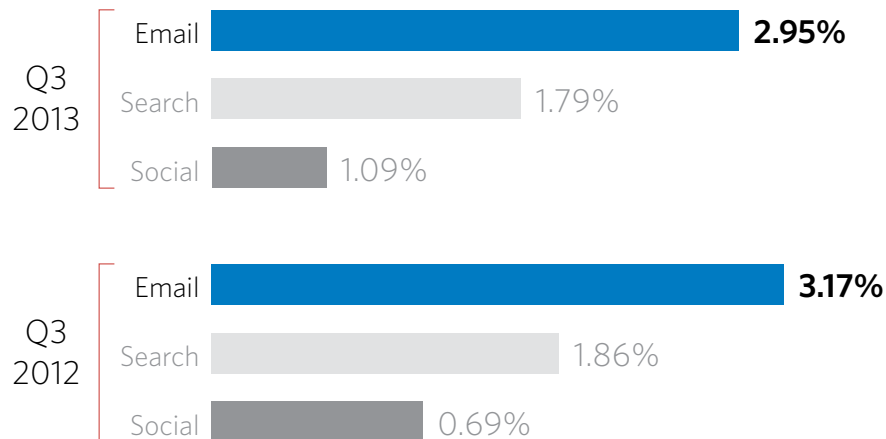
ISPs also aim to ensure that their users want the email messages they're receiving. And with key metrics from email continuing to decline, it's clear that a large amount of email messages being sent aren't relevant. And one of the biggest reasons is that messages aren't accurately targeted to the correct device.

Email Referrer Traffic



Nearly half of all consumers now open email on a mobile device, according to Experian. Mirrored by how fast website traffic from smartphone users (9.69%) has increased, many ecommerce businesses are scrambling for ways to deliver relevant messages to mobile consumers.

Conversion Rates by Traffic Source



There are some key tactics that marketers should employ to ensure that their emails are relevant.

Emails need to render well on all screen sizes and devices, but marketers have a tendency to move too fast to responsive web design without first exploring simpler creative options such as fluid designs or percentage-based widths. Take the time to look into creative alternatives before jumping headfirst into responsive design. It may save time, effort, and money in the long run.

Timing is another key factor to consider when trying to reach customers with relevant email messages. Circumstances can change from the time an email is sent to when it is actually opened. For example, after receiving an email, a busy consumer could visit another part of the country where a climate change drives different needs, while another shopper could be standing literally steps from your store or a competitor's location.

Relevant email should also consider the device of the user, in addition to sending the right content at the right time. Adding the physical location of the recipient, browsing and/or purchasing history, social media data, and more, can turn unengaging email into relevant messages that move consumers—regardless of their device—from the email to the website, increasing traffic, conversions, and revenue.

About the EQ

As ecommerce companies look for ways to increase customer engagement and sales in a highly competitive online environment, they're faced with challenges centered on massive amounts of data. This big data conundrum goes beyond the collection and storage of information about customers and prospects.

Using a combination of historical and real-time data allows ecommerce marketers to glean meaningful insights that result in more relevant shopping experiences that drive loyal customers who share their experiences with others. Ecommerce businesses that tackle big data head-on focus their attention on different customer segments that continue to be explored in every release of the Ecommerce Quarterly (EQ):

- **Predefined:** New versus returning; referring traffic sources; technographics; geography.
- **Custom or Proprietary:** Demographics; proximity to location.
- **On-Site Behavior:** Shopping cart activity; brand or category affinity.
- **Behaviors Across the Web:** Browsing and purchase patterns demonstrated on third-party websites.

The EQ also includes Takeaways, ideas and best practices used by leading ecommerce websites, based on insights gained from the more than 600 million online shopping sessions that contribute to the analysis and benchmark reports found in every release.



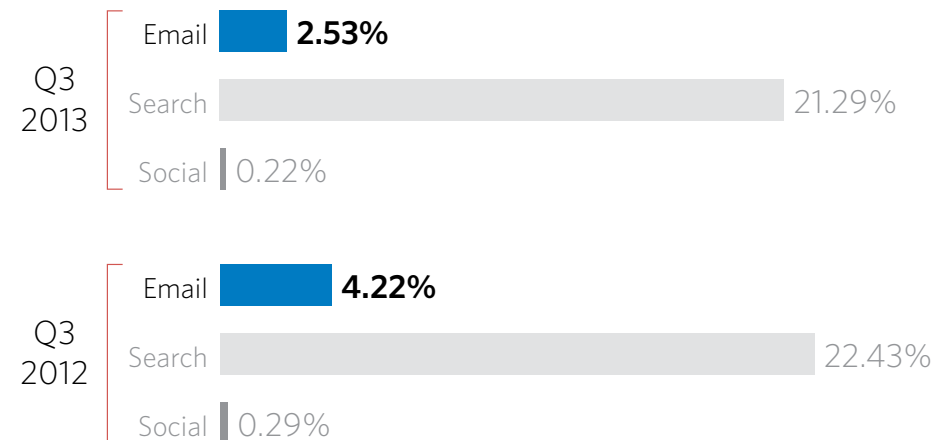
Declining Email Performance

Although often considered the lifeblood of ecommerce, email continues to see dramatic decreases in traffic, revenue, and other KPIs. It's clear that consumers are signaling a demand for greater relevancy and consistency from their inbox, and marketers who don't heed this warning could find themselves fighting a serious uphill battle to retain some of their most loyal customers.

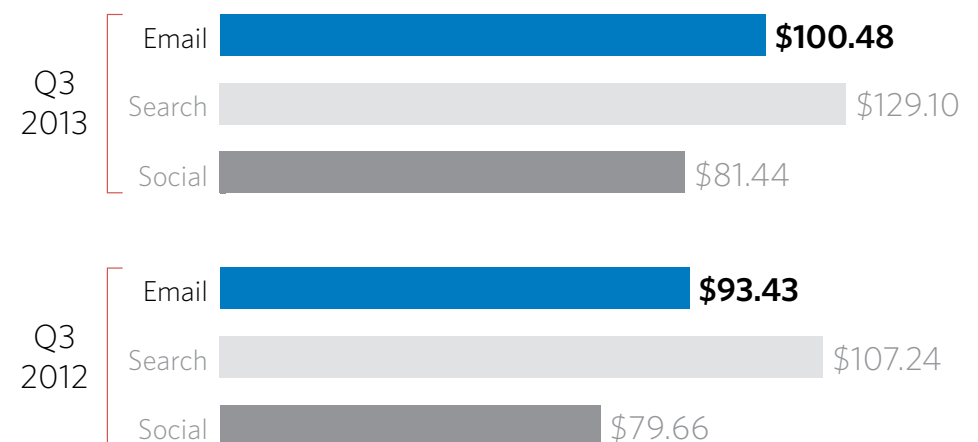
Same-store visits from email is down nearly 20% in just one year, while the number of sessions from email that included purchases fell 25.18%. The doom and gloom continues when analyzing additional metrics like the number of sessions from email that had a product in a shopping cart, which fell 25.04%; website page views from email, down 26.21%; and average page views per visit/session, which decreased 8.11%.

Even a metric that shows year-over-year improvement still does not hold as much promise as other inbound channels. The average order value (AOV) from email increased just 7.55%, while AOV from search jumped 20.38%.

Revenue Share by Traffic Source



Average Order Value by Traffic Source



Getting Started with Multichannel Email Marketing



Luke Glasner is the founder of Glasner Consulting, a nationally recognized email expert, and co-chair of the Email Experience Council's SAME Project, an initiative aimed at the creation and adoption of industry standards for email metrics. Here, he adds additional insight into the email metrics highlighted in the Ecommerce Quarterly.

In today's hyper-connected world, people carry their inboxes with them on their mobile devices, and can access their inboxes at any time. Emails are now opened more often on smartphones than on desktops or laptops.

This shift to mobile devices means that marketers need to re-evaluate their email programs to make sure they're providing good user experiences, which in turn build positive brand images. Negative email experiences can spill into complaints via social media or other channels. The reverse is also true in that less-than-stellar experiences during a checkout process or in website navigation can result in the person ignoring your emails and eventually unsubscribing. So how do we provide experiences that build trust and loyalty?

Start by having a consistent user experience across your sales channels. Your color palette and font choices should match the website or specific landing page whenever possible. Provide a consistent feel from the email to the website, and even across other marketing materials, such as social profiles, videos, print collateral like direct mail, ads, or in store signage, and other channels.

“ Don't build an email that renders beautifully on multiple mobile devices, only to send those subscribers to a landing page optimized for desktop or laptop computers. ”

- Luke Glasner, founder, Glasner Consulting

But delivering a consistent experience between email and the website is more than just using the same colors and fonts. By using website analytics and email open data, you can tell which are the most common devices used to take actions in both email and website channels. You then know where you should focus your design efforts, and start using fluid design, responsive design or a combination of both. Responsive design has been used longer in website design than in email, so your web team may be able to provide insights on what works best with your user base.

Creating a template that renders well across email clients is only half the battle. If you're sending a mobile-optimized email, do your links also click through to a mobile-optimized landing page and website? Don't build an email that renders beautifully on multiple mobile devices, only to send those subscribers to a landing page optimized for desktop or laptop computers. That results in a disconnected or broken experience. Instead, work with your web team, web developers, or IT department to provide a solid website experience for mobile subscribers.

Marketers also need to use data and subscriber actions to create dynamic content that result in truly personalized and relevant experiences. This goes light-years beyond the basics of adding a first name to an email.

With the right tools, you can change content based on location and time of open, showing top-performing products in your defined geographic areas such as closest store location. Similarly, you can find purchase or browse patterns for individual subscribers to show them personalized offers, and then identify look-alikes to widen your net.

By providing a consistent experience from email to web, you build recognition and trust with your subscribers. By providing your subscribers relevant and personalized content to match their interests and needs, you provide the value that builds real relationships. As the inbox continues to evolve, the importance of delivering good user experiences has never been greater.

- Luke Glasner

What's a Session Anyway?

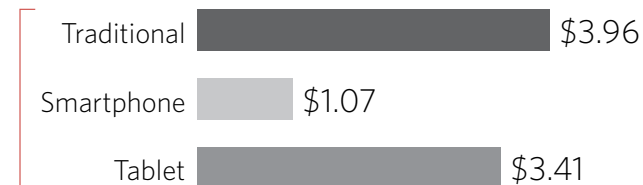
Most KPIs used by ecommerce marketers depend on session data. Although the definition of a session directly impacts KPIs such as revenue per session and conversion rate, other key metrics, such as bounce rate, are closely related to session data—thus the length of a session dictates how well, or how poorly, an ecommerce business is operating.

You will often hear web analytics professionals equate sessions with visits, and we do the same in the benchmarks and analysis in every release of the EQ. Your goal should be to deliver consistent experiences to your website visitors. Start by treating a session and a visit as the same metric.

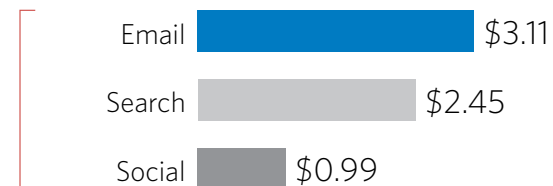
When defining a session—assuming your analytics tool allows you to choose a length that's best for *your* business—consider using a specific amount of time of no activity from a visitor. For instance, 30 minutes of inactivity is often used to presume a session has ended because, for many websites that aren't in ecommerce, it's important to track the largest number of visitors possible.

Conversely, for ecommerce businesses, it's much more about the customer experience (or at least it should be). For the most part, it's unnecessary to over-inflate session or visitor data. When consumers come back to your website, they expect the same experience that they had 30 minutes ago.

Q3 2013 Revenue Per Session by Device



Q3 2013 Revenue Per Session by Traffic Source



Q3 2013 Revenue Per Session, New vs. Returning



Q3 2013 Revenue Per Session, US vs. International



EQ TAKEAWAYS

Session data serves two masters: acquisition and customer experience teams that often have different goals. While a shorter session length will inflate metrics to make acquisition channels look good, the people responsible for customer experience will appreciate longer sessions that focus on the value of the relationship.

Make sure that you can still reinforce the offer customers responded to, the products or categories of products they searched, what's in their carts, etc., by defining a session based on these suggestions:

- Create a session length based on a specific amount of inactive time that takes into account the shoppers' desire to maintain a relevant experience, even if they jump to another website, step away for lunch, or just want to come back later.
- Keep in mind that a session could actually last days, as long as there's some activity each day. Sessions that span days still have nothing to do with a visitor being logged in to a website with an account username and password.
- To help make sense of your session data, consider ending all open sessions at the conclusion of every month.

Come to a collective decision about session length by bringing the acquisition and customer experience groups together so they can understand what each is doing and why. While using the same statistic means something different to two different groups, getting them on the same page will provide even more valuable insight into these important metrics.

Benchmark Reports

	Website Visits by Device	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
OVERALL	Traditional	83.22%	81.41%	79.44%	78.45%	75.29%
	Tablet	8.45%	9.62%	11.63%	12.55%	14.65%
	Smartphone	8.32%	8.96%	8.93%	9.00%	10.06%
TABLET	iPad	90.37%	91.38%	91.25%	91.11%	89.56%
	Kindle Fire	4.11%	2.91%	2.08%	1.67%	1.47%
	Android	5.52%	5.71%	6.67%	7.22%	8.97%
SMARTPHONE	iPhone	60.29%	61.14%	63.95%	62.94%	62.79%
	Android	38.81%	37.96%	35.04%	35.91%	35.98%
	Windows	0.90%	0.90%	1.01%	1.15%	1.23%

	Website Visits by Traffic Source	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Search	31.67%	30.06%	29.21%	29.91%	31.16%
	Social	1.50%	1.07%	1.17%	0.98%	0.80%
	Email	4.03%	4.51%	3.69%	3.14%	2.92%

	Conversion Rates	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	U.S.	2.80%	2.76%	2.36%	2.57%	2.59%
	International	1.16%	1.18%	0.88%	0.89%	0.79%

	Conversion Rates	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	New	2.01%	2.08%	1.64%	1.76%	1.80%
	Returning	3.32%	3.18%	2.75%	3.05%	3.07%

	Add-to-Cart Rates	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	U.S.	8.93%	9.95%	9.06%	8.85%	7.72%
	International	6.68%	7.73%	6.27%	6.25%	5.31%

	Add-to-Cart Rates	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	New	6.47%	7.33%	6.53%	6.28%	5.46%
	Returning	11.36%	12.35%	11.07%	11.26%	9.70%

	Conversion Rates by Device	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
OVERALL	Traditional	2.80%	2.80%	2.35%	2.55%	2.65%
	Tablet	2.35%	2.45%	2.15%	2.39%	2.18%
	Smartphone	0.76%	0.84%	0.82%	0.93%	0.85%
TABLET	iPad	2.40%	2.50%	2.19%	2.44%	2.24%
	Kindle Fire	1.40%	1.54%	1.37%	1.48%	1.34%
	Android	2.14%	2.03%	1.81%	1.89%	1.66%
SMARTPHONE	iPhone	0.75%	0.88%	0.83%	0.98%	0.89%
	Android	0.76%	0.79%	0.82%	0.85%	0.78%
	Windows	0.73%	0.70%	0.77%	0.76%	0.67%

	Conversion Rates by Traffic Source	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Email	3.17%	3.09%	2.72%	2.88%	2.95%
	Search	1.86%	2.07%	1.68%	1.79%	1.79%
	Social	0.69%	0.83%	0.66%	0.76%	1.09%

	Add-to-Cart Rate by Referrer	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Email	10.54%	11.40%	10.54%	10.29%	9.82%
	Search	6.46%	7.53%	6.49%	6.55%	5.56%
	Social	3.15%	3.88%	3.33%	3.43%	3.90%

	Average Page Views by Referrer	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Email	9.62	9.15	9.32	8.67	8.84
	Search	9.21	9.03	8.80	8.53	8.31
	Social	4.97	5.07	4.72	4.99	5.24

	Average Order Value by Device	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
OVERALL	Traditional	\$105.09	\$113.50	\$110.12	\$119.50	\$136.15
	Tablet	\$110.03	\$120.60	\$116.80	\$122.45	\$138.75
	Smartphone	\$98.35	\$127.71	\$114.22	\$113.24	\$114.14
TABLET	iPad	\$111.58	\$121.70	\$118.09	\$124.02	\$141.84
	Android	\$95.73	\$108.47	\$102.00	\$102.59	\$104.46
	Kindle Fire	\$83.49	\$96.96	\$91.07	\$92.88	\$92.34
SMARTPHONE	iPhone	\$99.78	\$134.32	\$115.76	\$115.05	\$114.25
	Android	\$96.28	\$116.37	\$111.82	\$110.07	\$114.48
	Windows	\$95.67	\$113.30	\$101.03	\$97.83	\$95.31

	Average Order Value by Traffic Source	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Email	\$93.43	\$109.40	\$100.85	\$108.78	\$100.48
	Search	\$107.24	\$114.18	\$112.28	\$120.72	\$129.10
	Social	\$79.66	\$83.86	\$84.25	\$90.99	\$81.44

	Browser Market Share	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	Internet Explorer	37.93%	37.14%	34.02%	32.46%	30.97%
	Chrome	17.99%	18.46%	20.45%	21.92%	22.05%
	Mobile Chrome	0.11%	0.32%	0.51%	0.80%	1.33%
	Firefox	15.43%	14.44%	13.62%	13.31%	12.46%
	Mobile Safari	12.58%	14.08%	16.03%	16.73%	18.94%
	Safari	14.47%	14.99%	14.90%	14.37%	13.91%
	Kindle Fire	0.35%	0.28%	0.24%	0.21%	0.22%
	Opera	0.33%	0.13%	0.01%	0.01%	0.01%
	Other	0.81%	0.16%	0.21%	0.19%	0.12%

Conversion Rates by State	Q3 2013
Vermont	4.16%
Wyoming	4.07%
Armed Forces - Europe	3.97%
Pennsylvania	3.93%
Montana	3.60%
West Virginia	3.38%
North Dakota	3.32%
Armed Forces - Pacific	3.30%
Sout Dakota	3.20%
Alaska	3.18%
Delaware	3.14%
Connecticut	3.10%
Armed Forces - America	3.06%
New Hampshire	3.02%
Maine	3.01%
New Mexico	3.01%
Wisconsin	3.01%
Nebraska	3.00%
Iowa	2.90%
Indiana	2.90%
Maryland	2.89%
Idaho	2.85%
Ohio	2.82%
Kentucky	2.80%
Michigan	2.80%
New Jersey	2.77%
Rhode Island	2.77%

Conversion Rates by State	Q3 2013
Kansas	2.70%
Nevada	2.68%
Colorado	2.67%
Tennessee	2.67%
New York	2.66%
North Carolina	2.65%
Mississippi	2.63%
District of Columbia	2.59%
South Carolina	2.59%
Illinois	2.58%
Oregon	2.58%
Louisiana	2.57%
Oklahoma	2.57%
Utah	2.57%
Arizona	2.54%
Alabama	2.53%
Arkansas	2.52%
Massachusetts	2.49%
Georgia	2.43%
Washington	2.38%
Florida	2.35%
Virginia	2.26%
California	2.23%
Texas	2.21%
Hawaii	2.15%
Missouri	2.13%
Minnesota	1.81%

Average Order Value by State	Q3 2013
Armed Forces - America	\$276.80
Armed Forces - Europe	\$173.43
Armed Forces - Pacific	\$143.97
Alaska	\$139.80
District of Columbia	\$138.37
Hawaii	\$135.70
Minnesota	\$135.05
California	\$129.59
Texas	\$127.14
New York	\$125.75
North Dakota	\$125.10
Colorado	\$124.53
Massachusetts	\$124.43
Florida	\$124.25
New Jersey	\$123.51
Maryland	\$123.01
Connecticut	\$122.31
Delaware	\$121.47
Washington	\$121.19
Nevada	\$120.96
Virginia	\$120.50
Oregon	\$120.25
New Hampshire	\$120.10
Montana	\$119.25
Utah	\$119.20
Wyoming	\$118.21
Arizona	\$118.17

Average Order Value by State	Q3 2013
New Mexico	\$118.13
Idaho	\$118.04
Georgia	\$117.84
Louisiana	\$117.53
Illinois	\$117.45
South Carolina	\$117.28
Rhode Island	\$117.25
Oklahoma	\$116.34
South Dakota	\$116.18
Tennessee	\$115.44
Michigan	\$115.24
North Carolina	\$115.01
Wisconsin	\$114.89
Mississippi	\$114.67
Alabama	\$114.45
Arkansas	\$112.95
Ohio	\$112.58
Iowa	\$112.07
Missouri	\$111.52
Maine	\$111.39
Indiana	\$110.41
Kentucky	\$110.01
Kansas	\$109.63
Nebraska	\$106.69
Vermont	\$106.45
West Virginia	\$104.49
Pennsylvania	\$93.85

Methodology

The EQ analyzes a random sample of over 600 million online shopping experiences using “same store” data across each calendar quarter.

Averages throughout the EQ are calculated across the entire sample. Key performance indicators, such as average order value and conversion rate, will vary by industry/market type. These averages are published only to support the analysis in each release of the EQ, and are not intended to be benchmarks for any ecommerce business.

For all media inquiries, questions, and feedback regarding the information in this report, or to obtain copies of previous releases of the EQ, contact:

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References

1. Experian Marketing Services Reports 50 Percent of Email Opened on Mobile Devices, Experian (September 2013)

About Monetate

The Monetate Acceleration Cloud lets marketers understand their customers' situations, behaviors, and preferences, and act on those insights with in-the-moment, relevant experiences, targeted to the right customer at the right time. The Monetate Acceleration Cloud runs above traditional infrastructure and is accessed through one seamless user interface.

Monetate generates billions of dollars of new revenue for businesses, helping them grow 33% faster than the industry average. Brands such as Best Buy, National Geographic, and Celebrity Cruises rely on Monetate to put the customer first, creating stronger relationships that drive sustained competitive advantage.





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