

## **Permission Email Marketing 2005: A View From the Inbox™**

### ***Results-At-A-Glance***

To help marketers navigate today's changing landscape, Merkle's email marketing agency, Merkle|Quris, conducted a consumer survey of more than 2,500 email users. The survey, entitled *View from the Inbox™*, asked email users about a range of topics and was designed to reflect consumer attitudes and experiences regarding their use of email in general and permission email in specific.

#### **Executive Summary**

Despite reports of overall open rates dropping, the 2005 View From The Inbox™ survey shows favorable trends in consumer usage of and attitudes toward email. According to JupiterResearch, 93% of companies will employ email marketing in 2005 to communicate with their customers, up 12% over 2004. As more and more companies rely on the email channel for their marketing needs, the importance of continuing to meet or exceed consumer expectations through relevance is of paramount importance for marketers to effectively compete with increasing demands on consumer attention.

#### **Key Issues**

The 2005 View From The Inbox™ survey endeavored to address the following critical issues regarding email and their implications for the ongoing development of the channel:

- What are the key trends in email usage?
- What are the dominant consumer attitudes toward common email practices?
- What are consumer preferences regarding content, frequency and purpose?
- How does email influence consumer behavior and loyalty?
- What practices would consumers like to see more or less of from commercial entities?
- What are the market landscape dynamics which portend changes in the way consumers use email?

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### **View From The Inbox Results At-A-Glance**

- Both the frequency of checking email and the time per day spent with email are increasing slightly year-over-year, underscoring the continuing health and vitality of the channel (pages 8-9).
- Web-based accounts are increasing in popularity, especially among the younger age group (page 10).
- While penetration is still not terribly high, the adoption of alternative means of digital communication – especially mobile devices – is increasing at fairly dramatic rates. Dramatic age differences also exist in these adoption rates. The implication for email marketers is that relevance and timeliness will become even more critical for email to be effective (pages 11-12).

- More and more consumers perceive email as a great way for companies to stay in touch – for both marketing and service purposes (page 14).
- People are feeling more in control of their inboxes, which correlates to a general decline in the levels of spam received (battle against spam is slowly being won? Consumers becoming more sophisticated?) (page 17).
- People still believe that the primary sources of spam are companies sharing without asking permission (53%), and partnership marketing (46%) – points to the need for education (page 19).
- Consumer expectations regarding email are increasing year-over-year – meaning that they are more demanding of well-known brands (46%), are more likely to punish companies for poor email practices by ceasing to do business with them (30%) (page 23).
- Companies are still not sending what consumers want to receive via email, although that gap is narrowing compared to 2004 results – especially regarding service emails such as confirmations and statements. It is incumbent upon companies to recognize or discover why consumers opt-in, and then deliver on those expectations (page 26).
- People show a fairly dramatic interest in or willingness for email to replace many functions traditionally served by traditional direct mail – particularly confirmations (77%), customer service inquiries and responses (60%), and newsletters (52%) (page 27).
- Over half of all respondents are open to receiving promotions in service emails if those promotions are relevant to their needs and interests. For heavy email users (PEM Stars), this figure jumps to 67% (page 28).
- The number of people receiving account status emails is increasing dramatically year-over-year, and spans a wide variety of industry verticals. Combined with the receptivity to receiving promotions in those emails, this trend spells a huge opportunity for marketers. Must first identify who and what (page 29).
- The “Inner Circle” appears to be increasing slightly, perhaps to an increased number of consumers receiving service emails (page 31).
- Increasingly, companies are acquiring email addresses via the effective use of search engines that lead to interesting content (+14% over 2004), and/or by company representatives asking for addresses in the store (+8%) (page 33).
- Both the preference for double opt-in and the use of a second (non-primary) address for commercial purposes remain positive and steady year-over-year (pages 33-34).
- Consumers remain relatively unaware of multichannel campaigns; only 5% have seen them with any regularity and this is a 1% decrease since 2004. Either email campaigns are still stand-alone, or multichannel campaigns are simply not noticed (page 36).
- The reputation of a company (68%), the ease of finding content (66%), security (65%), customized content based on stated preferences, and the timeliness of the message (51%) are the leaders in having a positive impact on targeted consumer behaviors (page 38).
- The tactics that either have negative or no impact on consumer responses include personalized first-name greetings (86% negative +no impact), using images instead of URLs (73%), and the subject line (58%).
- The from line is more important than the subject line in eliciting a response, reflecting the importance of brand. In addition, people prefer to have customized based on stated preferences rather than historical data, perhaps reflecting the importance of privacy and security.
- Consumers research and/or purchase a wide variety of products and services online – the leaders are travel (76%), electronics (73%), computers (72%), entertainment (65%), shopping (64%), and cars (61%) (page 40).
- Email coupon usage – both online and at physical stores – is increasing year-over-year (+7% since 2004).