

# **A View From The Inbox™**

Actionable Information for Marketers From  
the Annual Consumer Email Attitudes and Usage Study

**MERKLE**

A Database Marketing Agency

## Executive Overview

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**With email hitting the mass acceptance phase in its growth, marketers wanting to achieve and maintain the highest performance in this channel must move beyond one off campaigns and a mass-blasting approach. Email volumes have increased, along with consumers' expectations on the quality of email programs, and only the relevant communication will break through the clutter. ■**

Email continues to play a powerful role in developing and sustaining customer relationships, as our View From the Inbox study shows. In late summer of 2006, Merkle's Interactive Services group surveyed over 1,500 regular email users in its fifth annual study on attitudes and usage of permission email marketing (PEM). The results of this research continue to demonstrate email's value in developing brands and influencing customer behavior. But without careful attention to relevancy, as well as other vital factors like frequency, the gains of email can be lost to complacent, or worse yet, unsubscribed customers.

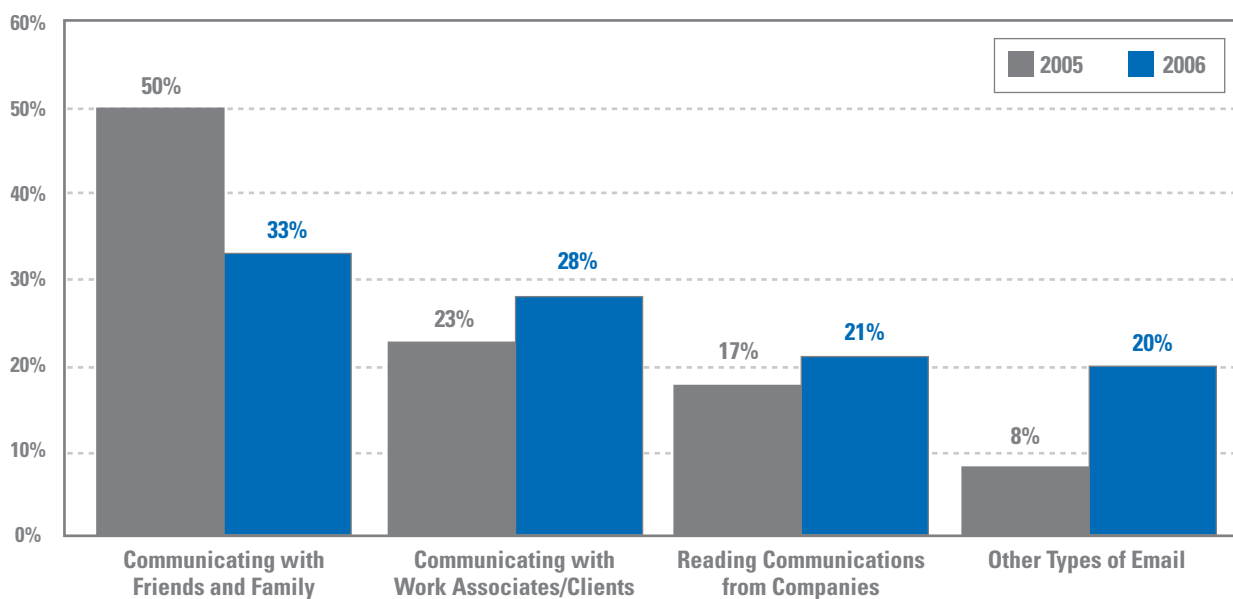
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## Trends in Email Engagement

As email matures, shifts in how email is used are occurring. Email used for non-work purposes has evolved from being a communication tool for keeping in touch with friends and family toward other types of email, including permission email marketing. In just one year, time spent communicating with friends and family dropped from one-half of total time spent to a third (see figure 1). The percent of time spent with PEM is 21% of the total, with over half of respondents (59%) spending 20 minutes or more per week reading email from companies. For two-thirds of email users, the amount of time spent with PEM is about the same as the prior year, but 22% say they spend more time with it. Some additional points on key trends in email engagement follow:

- People are checking email more frequently - 41% check email more than three times per day, a 17% increase from prior year
- Half (51%) “couldn’t live without it” – up from 45% two years ago
- Over half of respondents (56%) believe email is a great way for companies to stay in touch - up from 45% two years ago

**Fifty-six percent of respondents believe email is a great way for companies to stay in touch**



► **Figure 1: Percent of Time Spent by Email Type**

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## Email's Impact on Behavior and Brand

Email has a track record of success in driving desired behavior, as measured by program and campaign ROI. This interaction or experience with the company fosters brand perceptions which contribute to customers' overall brand view. Their email experience can lead to positive, neutral, or even negative impressions about a company. It can be argued that a marketer's biggest challenge over the long term is to increase brand equity through quality communications, while balancing the short-term initiatives necessary to the business.

- **Good email drives business**

Nearly half (47%) of respondents have made an online purchase in the past year as a result of PEM. Forty-four percent of respondents claim that a company who sends good email influenced their decision to do business with it, either online or offline. Another third say they are more likely to spend more money with a company who sends them email they read regularly than a comparable one who doesn't send email to them. The flip side of this effect is that approximately one-third (32%) have stopped doing business with at least one company as a result of their poor email marketing practices.

- **Well-known brands are held to a higher standard of excellence**

Almost half (48%) of email users hold large, well-known companies to a higher standard of email excellence. Over the past few years as email has matured, this proportion has steadily risen, indicating that the tolerance gap is narrowing for large marketers who are still getting up-to-speed on best practices.

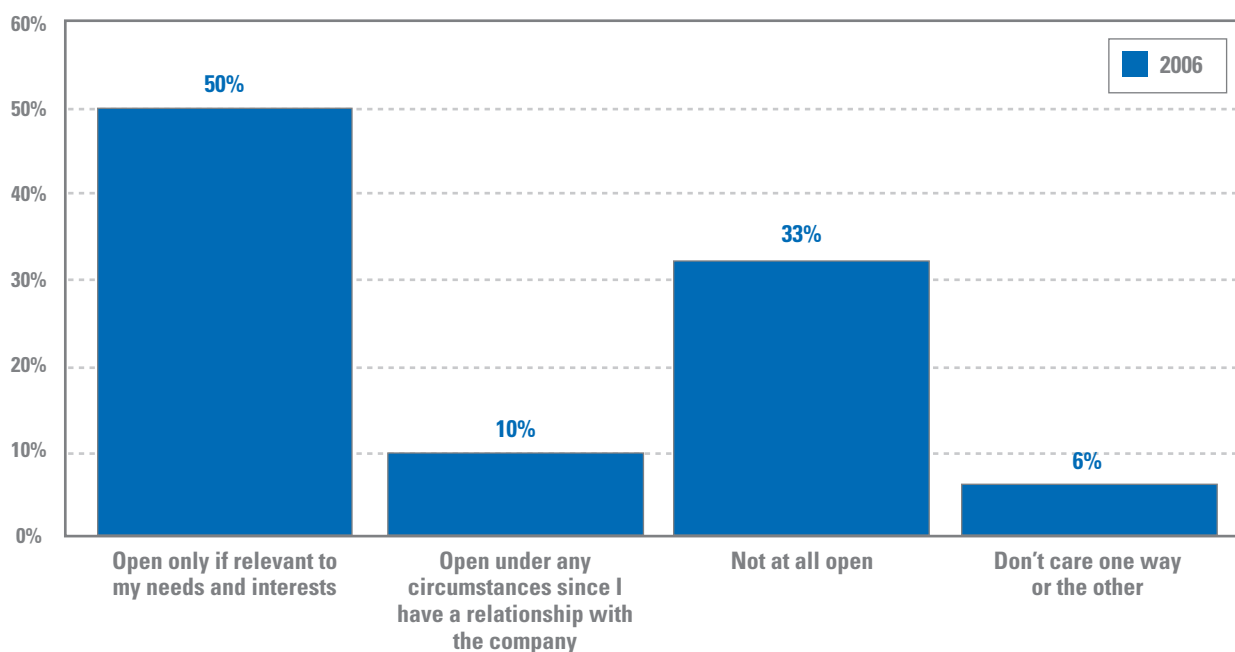
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## The New Relevancy

Relevancy can mean different things to marketers than it does to consumers. Typically, marketers think that if content that is pushed matches what customers might have shown interest in (through preferencing, behavioral data, etc.), it therefore must be relevant. In truth, it's the basic customer service information on their account, including transaction confirmations (with 32% of users citing as most worth reading), and account status/updates (27% citing as most worth reading) that they feel is most relevant.

These attitudinal data are corroborated and reflected in open rate data as well; the more highly personalized the content, the higher the open rate, and more importantly, the sustained email engagement over time. This means that marketers need to take advantage of these opportunities to insert their promotional and marketing messages in these updates, where they have the best opportunity for being viewed. It should be noted that while the majority of email users (60%) are open to these additional marketing and promotional messages within transactional and account status emails, one-third say they are not at all open (see figure 2). Marketers who will achieve the largest gains in this area are those who follow traditional relevancy guidelines, and do not obstruct the main message of the email.

**In consumer terms,  
irrelevant email is  
the same as spam,  
and both are unwanted**



► **Figure 2: Openness to Receiving Marketing/Promotional Messages in Status/Transaction Emails**

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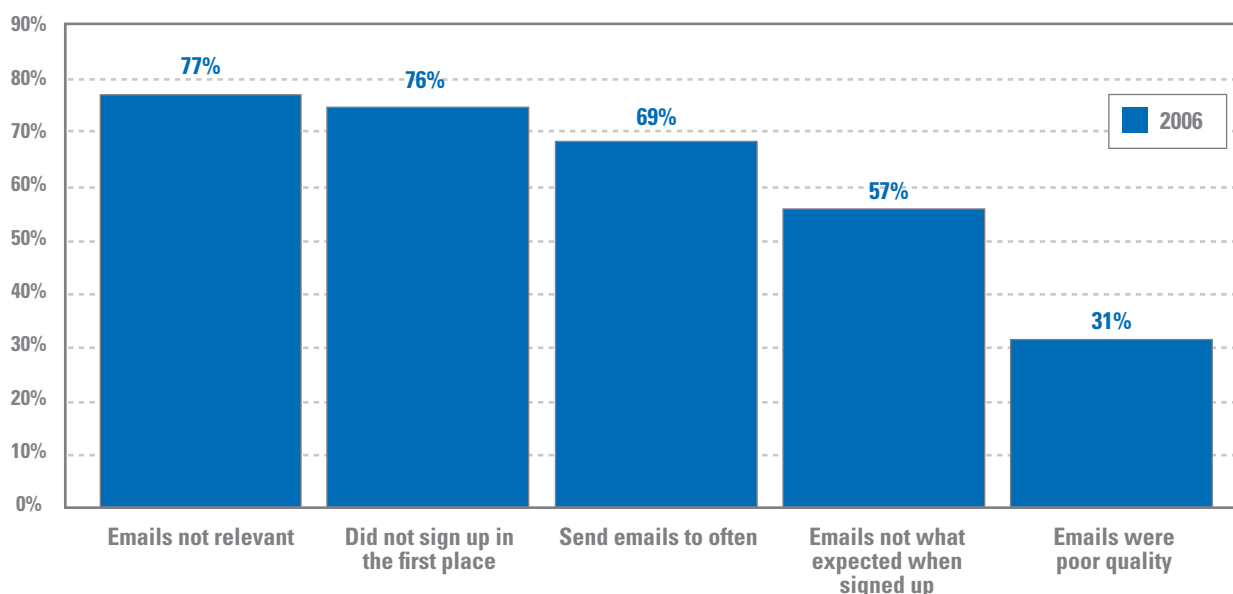
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## Why Customers Unsubscribe

List churn is a constant of email marketing, with approximately 30% of addresses becoming unavailable annually due to unsubscribes (opting out and spam complaints) and undeliverable address suppressions. While marketers can implement changes to improve some types of undeliverable address issues, the biggest area marketers have control over is in improving voluntary unsubscribe rates. Often times the primary emphasis in email marketing becomes the acquisition of addresses, but this thinking is backward. Without an optimized, compelling product to offer, the most successful acquisition efforts will prove futile, as more email addresses become unavailable, and the pool of new targets dwindles.

Irrelevancy leads the list of reasons a subscriber would unsubscribe from a company's email program, with over three-quarters citing. Statistically, this is the same quantity as unsubscribing from email they didn't sign up for! In consumer terms, irrelevant email is the same as spam, and both are unwanted. (See figure 3)

Another area of concern for marketers is mailing frequency, as 69% of email users list it as a reason to unsubscribe. This is an area often at odds with business objectives of maximizing revenue per subscriber. While the majority of marketers do not use official campaign management tools, more attention should be paid to the contact distribution of a marketer's list, which is typically an easy analysis to perform. Often times the results are surprising to see, in that some segments are actually under-mailed, while others are touched perhaps too frequently, a point reinforced by a higher opt-out rate. Incorporating feedback mechanisms for content and frequency preference puts the control in the consumer's hands. Customers who state their preferences have been shown to have 50% higher levels of engagement compared to those who don't. While this correlation doesn't prove that offering preferencing will drive engagement, it provides an improved experience that is no doubt reflected in the results.



► **Figure 3: Reasons Would Unsubscribe From Email**

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## Attitudes Regarding Spam

In 2006, 54% of respondents stated that they had somewhat or a lot more spam in their email boxes compared to a year ago. However, this perception has been consistent with findings from 2004 through 2006, indicating that the actual volume might not be increasing, but the persistency of the problem remains. Eighty-four percent feel mostly or completely in control of their inbox, up four points since 2004.

The more troubling statistic for marketers is that while 70% of consumers state that permission emails they have signed up to receive have wrongly been identified by filters as spam, the majority of this group (74%) don't care that this is occurring. With research suggesting that consumers who add PEM senders to their address books or safe sender lists are few and far between, the spam filters become an unintentional, and often welcome method of reducing the amount of PEM that makes it to their inbox. Here again, relevancy will drive increases to the number of consumers adding to senders to their address books.

**Customers who state their preferences have 50% higher levels of engagement than those who don't**



## What This Means for Marketers

The usage of email has shifted, but continues to present opportunities for marketers in defining their brand, driving behavior, and promoting long-term engagement and loyalty with customers. Marketers who invest in a quality email program will recognize higher engagement and response rates, subscriber retention, and maximize value from their email relationship with customers. Differentiating factors for successful programs will be allowing consumers to drive content and frequency for maximum relevancy, incorporating messages into transactional emails, and using analytics and testing to optimize and refine content.

## Methodology

Merkle's Interactive Services group has been conducting the View from the Inbox™ national study for five years. The study was created to measure and track attitudes and behaviors among U.S. email users, with emphasis on permission-based email users. The study was fielded in August 2006 using Harris Interactive, which maintains a panel of millions of people who respond to online research surveys. The survey was conducted among 1,550 U.S. adults, ages 18+ that check and/or send email at least once a week.

The maximum margin of error for the study is +/- 2.5% and the confidence level used to report comparisons between sub-segments of respondents is 95%.

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## About Merkle

Merkle specializes in information-based marketing strategies and is one of the nation's leading database marketing firms. With a proven track record in developing winning strategies based on information insight for large consumer-focused organizations, Merkle works with many of the nation's leading businesses, including Procter & Gamble, Dell, Capital One, GEICO and DIRECTV.

Merkle turns clients' data into actionable marketing opportunities by helping businesses acquire, retain and maximize their most profitable customers. This is accomplished with sophisticated database marketing tools, including predictive modeling, prospect segmentation, customer profiling and direct marketing program analysis.

Providing the necessary framework to aggressively apply information-based strategies to marketing programs, Merkle leverages a highly disciplined and organized approach that helps businesses close the gap between strategy and implementation. The result is significant time-to-market improvements, knowledge expansion and greater profitability.

Merkle focuses on service by providing a strategy tailored to each of its client's unique needs. Combining data analysis, analytics and creative, Merkle helps its clients build custom Marketing Knowledge Centers leveraging technology that best meets the needs of each client. Merkle has over 100 statisticians and analysts who build and deploy nearly 1,000 models and analytical projects annually.

Providing accurate, integrated and accessible customer data, Merkle helps ensure results. With information, campaigns can be created and delivered across channels, content can be targeted to specific customers, sales can be measured across all channels and trends can be identified, enabling further campaign refinement.

Technology, primarily in the form of database marketing infrastructure, is a critical component of information-based marketing. Merkle has extensive experience building, maintaining and enhancing marketing systems. The Marketing Knowledge Center is specifically designed to give marketers a platform that directly enables their strategy, analytic and campaign activities.

Take your marketing efforts to a new level with Merkle. To begin your information-based marketing strategy, call 800-9-MERKLE or email Mike Savage at [msavage@merkleinc.com](mailto:msavage@merkleinc.com) for more information.

<sup>1</sup> Ranked as a market leader in 2006 by Forrester Research and as a top 20 marketing services agency by Advertising Age.