

INFLUENCE OF EMAIL MARKETING

ON

CONSUMER PURCHASE



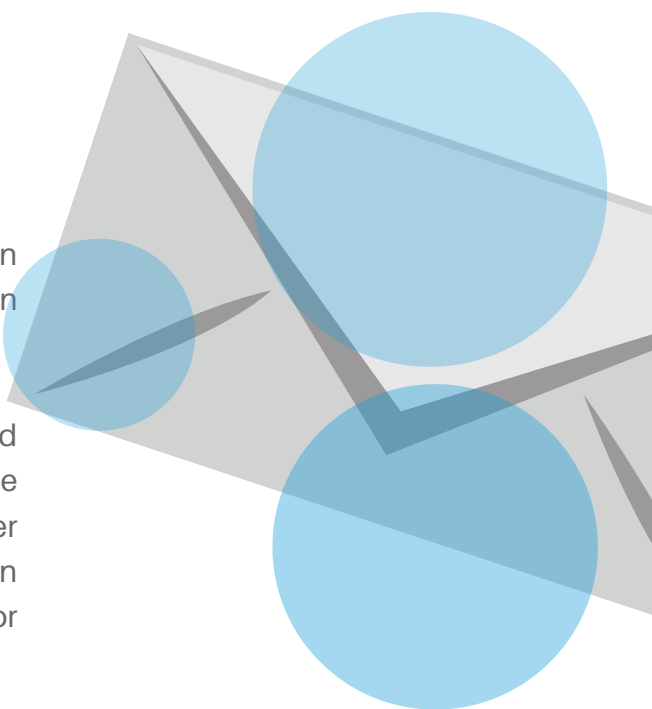
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Introduction

This paper puts forth the influence of email marketing on consumer purchase. It explores the untapped opportunities in marketing one can use for the benefit of the company.

Email marketing is one of the marketing strategies which is used to influence customers and their purchase decision. The marketing cost involved in email marketing is less than other forms of marketing and as a result, has seen good growth in recent years. The return on email marketing is seen as \$44 for every \$1 spent.

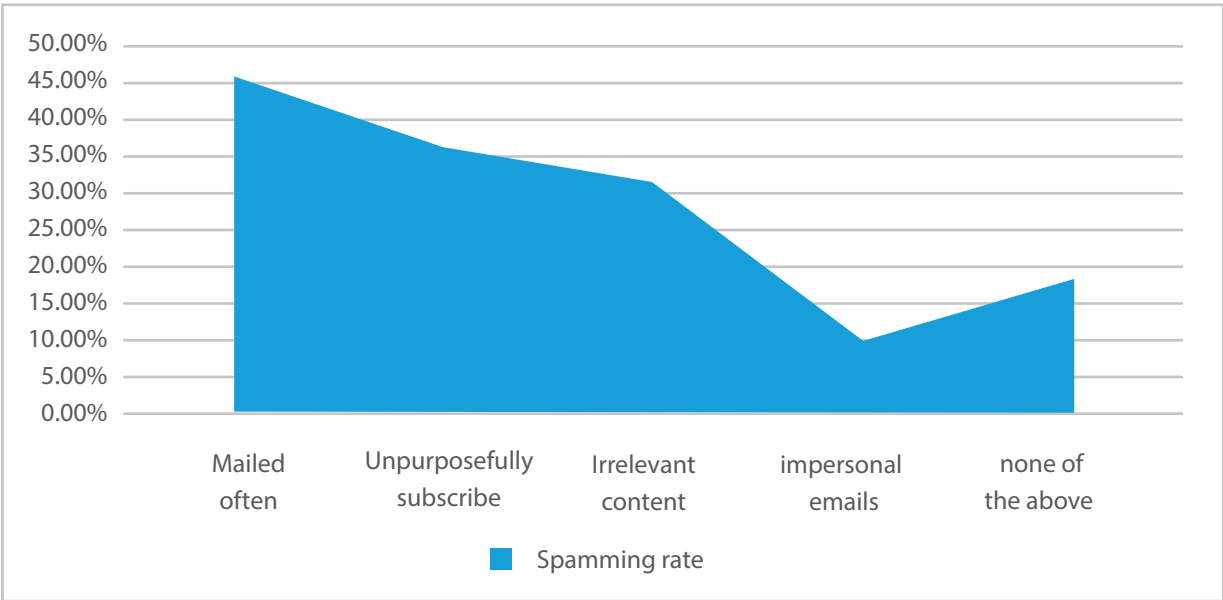


Attitude Towards Email Advertisement

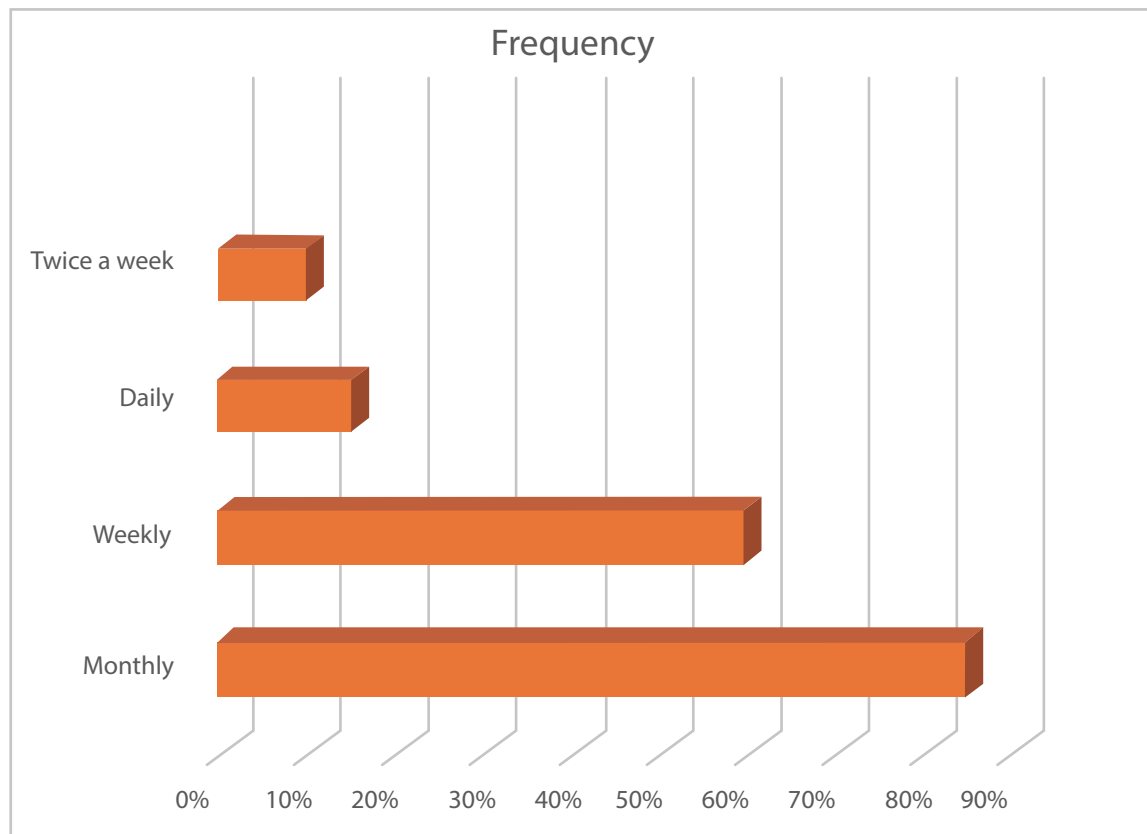
Majority of respondents from marketing companies briefed that they spend a quarter or even lesser time on email marketing, still 59% of them said that they generated the highest revenue from email marketing. However, email advertisement has both positive and negative impacts on the consumer’s mind and purchase behavior.

Negative attitude towards email advertisement:

Spamming: Too many commercial emails or spamming irritates the consumers and if the messages are not targeted to the right people, the recipient deletes the mail, unsubscribe or spam it. The click-through rate of not properly targeted emails is also very low.



Email blast effect: Email blasting process which most of the marketers execute, to send a large number of emails, actually turns off many. It has to be acknowledged that most of the customers do understand the objective of each email advertisement which is to increase sales. In this scenario, a real world-value has to be offered to the customers so that they do not consider it as an irritating blasting of emails. Also, the frequency of the emails has to be monitored to maintain a good relationship with the customers. People like to get promotional email on a monthly basis followed by a weekly basis:



Positive attitude towards email advertisement:

Targets the right customer: Email advertisement helps in targeting the right customer with a strategic approach. As the information about a product is sent in a mail, one sends the detailed information about the product. It also includes the discounts and offers which are being provided on that particular product. The absolute information satisfies the queries of the customer and dispels any skepticism about it.

Strengthens relationship: An effective email advertisement strengthens the relationship with the customer. It improves the communication and the customer trust on the brand. New customers strengthen brand recognition and improve the outreach.

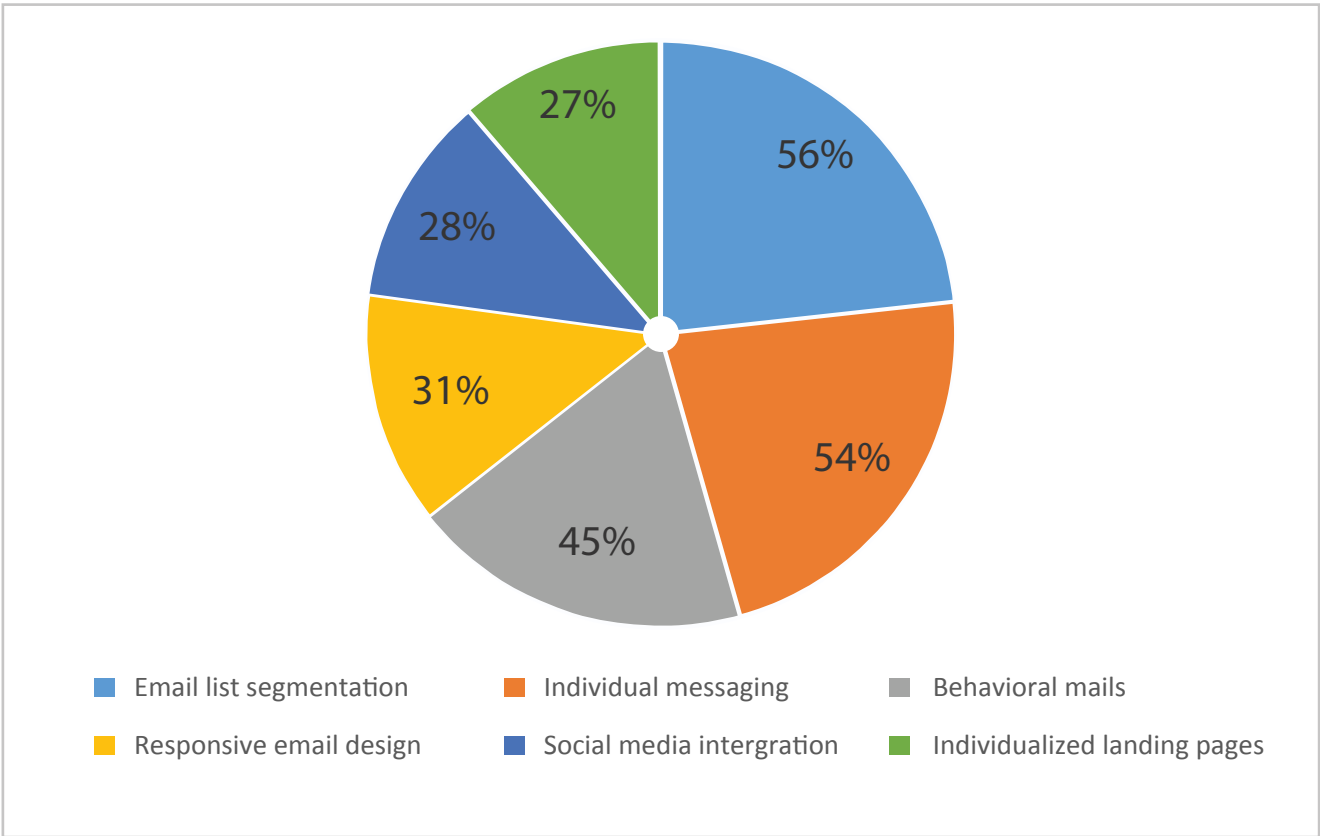
The positive relationship with the customer through email makes him purchase very often.



Factors Influencing Subscribers

There are many factors which influences consumer behavior to purchase a product through email marketing. Email personalization improves the trust of the consumer.

Email with personalized subject lines increases the open rate by 26%.



An international cold weather company saw a 7000% increase in email marketing revenues when marketing was executed through email list segmentation. It was observed proper pitching resulted in getting more customers. The email offers, bought many onlookers favorably clicking and buying the products.

Segmented emails account for nearly 58% of the absolute revenue driven by email marketing. This shows the message is being sent to the right customers who have a need for that product or service and finally purchases the product.

The main segment criteria for e-commerce retailers are:

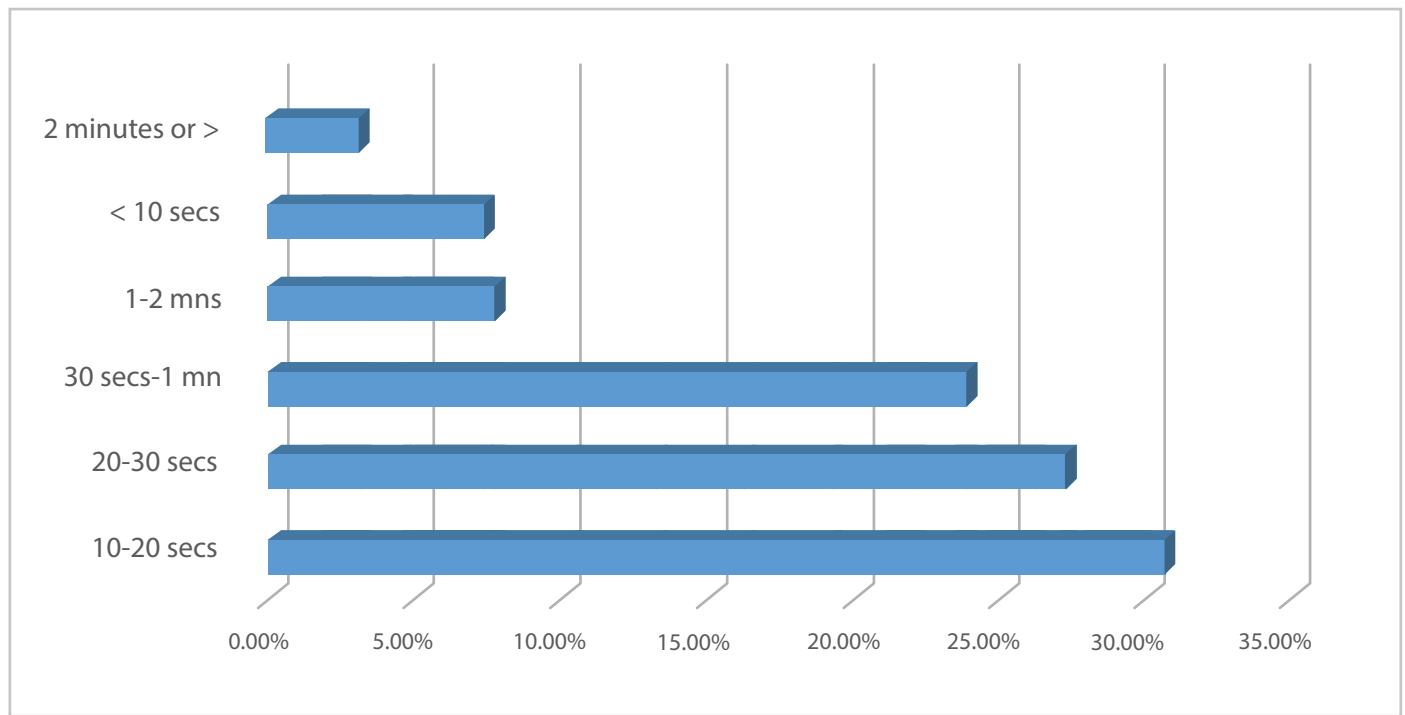


The main segment criteria for e-commerce retailers are:

1) Educating the subscribers: Subscribers are educated on a regular basis so that they gain information gradually. Knowledge is dispensed about what goes in making of that particular product.

If example of furniture is taken, then subscribers are educated with

- What goes in for making of a good furniture
- What are the benefits of having a high-quality furniture
- How the old style furniture is not comfortable and does not provide the classy look
- The science of having comfortable furniture
- The science of sitting and well posture needed for a healthy back



2) Help subscribers to know more about the brand: Welcome email breaks the ice and nurtures the brand story. Crafting an email or series of mail tells the story of the brand and differentiates it from other brands.

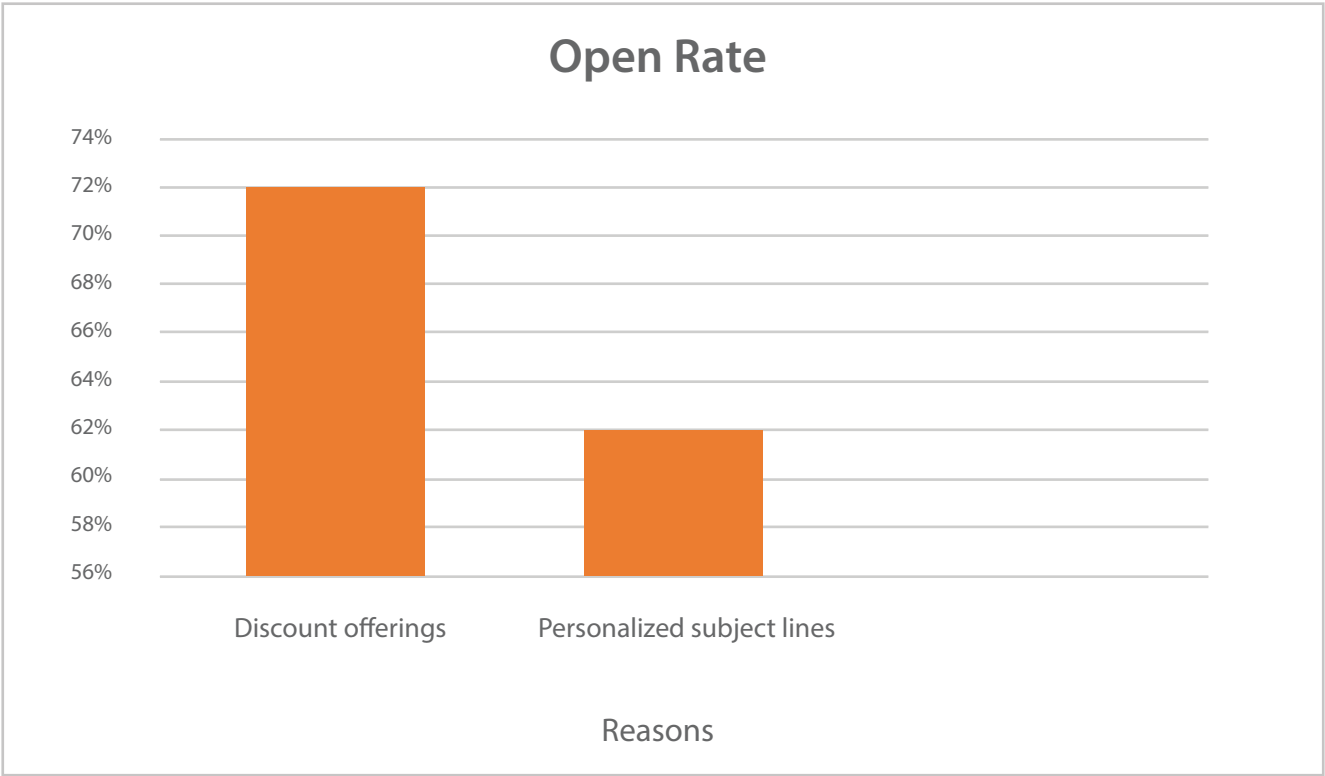
3) Embrace storytelling: Every customer loves a compelling story. The storytelling process is used to write an influential email. It links the very reason why the business exists, why the products and services have been developed. The needs are fulfilled, questions responded, customers engaged on an emotional level. The connection is made with the customer with the intersection of the brand and the audience.

Email Campaign

Consumers have conveyed that they are greatly influenced by the email campaigns which promotes sales or discounts and the brand reputation.

It is seen that sales and discounts offered in the email campaign are the main factors which influence their purchase decisions. It is also one of the top reasons for consumers to subscribe to a newsletter and engage with the brand. People between the age group of 18-37 briefed they are more influenced by the personalized content sent through email.





Across all the industries companies are delivering personalized emails on a timely basis with relevant information that satisfies the audience. The retail industry is at the top with almost 76% of the consumers agreeing that retail brands are sending accurate information which is tailored to their purchase needs followed by other industries like entertainment, travel, media and nonprofit sectors.

Each of the email campaigns is promoted differently to attract more number of customers. It impacts online deal as well as the offline ones.

The email campaign performance is checked on many metrics such as email sent, campaigns sent, delivery rate, open rate, click rate, unsubscribe rate, bounce rate.

According to a report by Campaign Monitor (Comparing to prior 30 days)

CAMPAIGN PERFORMANCE			
Campaigns sent 1,410	Emails sent 11,354,410	Delivery rate 85.9% +1.0%	
Open rate 65.6% +5.0% 44,464 opened	Click rate 30.3% +2.0% 20,464 clicks	Unsubscribe rate 2.4% -1.0% 5000 unsubscribed	Bounce rate 2.7% 2000 bounced

Unsubscribe rates less than 2% are within industry norms.



Customer Activity and Purchase Data

It is important to have proper customer purchase data to maintain the purchase history of every customer.



Repeat Purchase

It has been found that most of the important and big purchases come from the repeat buyers. The repeat customer has 70% chances of getting converted. A research conducted on around 100 e-commerce companies found results that companies which were in the bottom of performance ratio had no repeat purchase records but by the year 3 were churning 50% of their revenue from the repeat customers. The high performance companies which were already churning 20-30% of their revenue from repeat purchase were able to grow exponentially by the year 3 and were churning around 60% of their revenue from the repeat customers.

The difference didn't seem to be much but when each quartile was observed with revenue growth it was found that the companies which were in the high performance ratio were generating 5x times more revenue than the companies which were at the bottom three quartiles.

They focused on their marketing efforts like on email marketing and targeting customers for a repeat purchase. They increased their business revenue and gave tough competition to their competitors.



Abandoning Purchase Midway

The percentage in which online shoppers abandon their cart before making a purchase midway is around 68.5% which is more than 2/3 of the time. This activity is not the complete purchase data but informs about the behavior of the customers.

Every site has a browsing history that is said as a collection of invaluable data to understand customer behavior. The data tracked and studied carefully gives valuable insights to understand the thought process of the customers abandoning the idea of purchasing a certain product midway. Other cases include viewing the landing pages, app rating, loyalty points and many more.

To understand customer's behavior the following events are studied in different industries:



E-commerce	Media	Music
Abandoned cart	Comment	Registration started
Item added to list	Opened recap	Artist followed
Viewed winter collection	Video watched	Listening to playlist

Email Metrics to Track Based on the Goals

$$\left[\frac{(\$1000 \text{ in additional sales} - \$100 \text{ invested in campaign})}{\$100 \text{ invested in the campaign}} \right] \times 100 = 900\% \text{ return on investment for the campaign (ROI)}$$

This one of the basic formula to calculate the return on investment but there are different ways to calculate the return on investment depending on the types of business.

Aligning Goal With Key Metrics

The company has the goal to have more incoming visitors to their sites, sign up more blog subscribers, use the company's free tools which all help in growing their subscriber's list. It cannot completely rely on sources like open rate, unsubscribe rate.

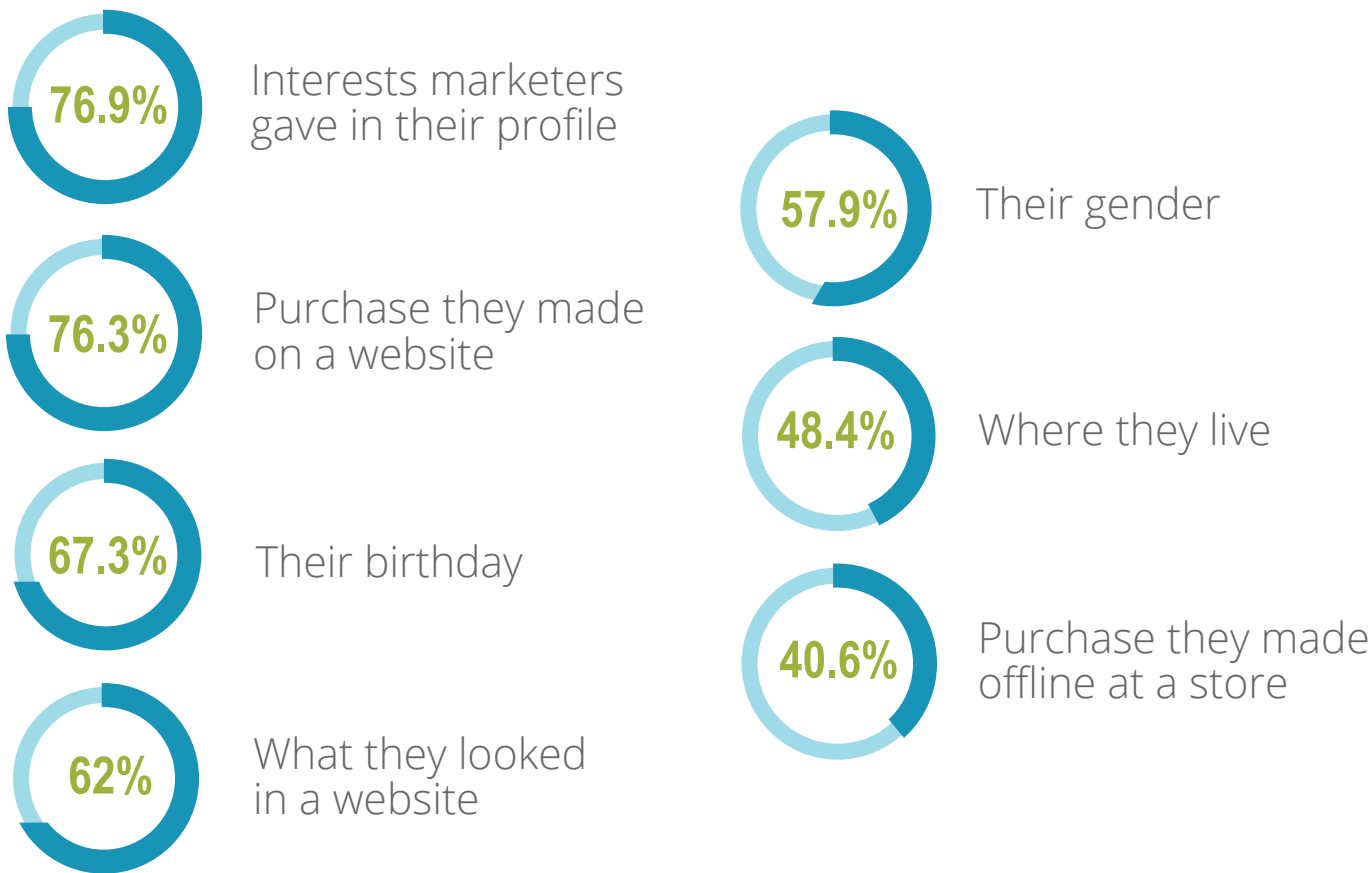
Many times one cannot fully rely on the behavior of the customer. Customer's psychology also has to be taken into account.

Let the Customers Inform Their Needs

It is important to understand the needs of the customers so that one can provide the products which are likely to be purchased by them.

Let's take the example of an airline. As per the data collected, it was thought that passengers travelling in a plane would prefer fruits in their afternoon snacks, but in actual when the flight attendant rolled out the snack tray to serve passengers, they said they would like to have chocolate cake. They intended to eat fruits but changed their mind after seeing the chocolate cake. It's actually a loss for the airlines as they would have earned more revenue by serving more chocolate cake and prevented loss of inventory "fruits."

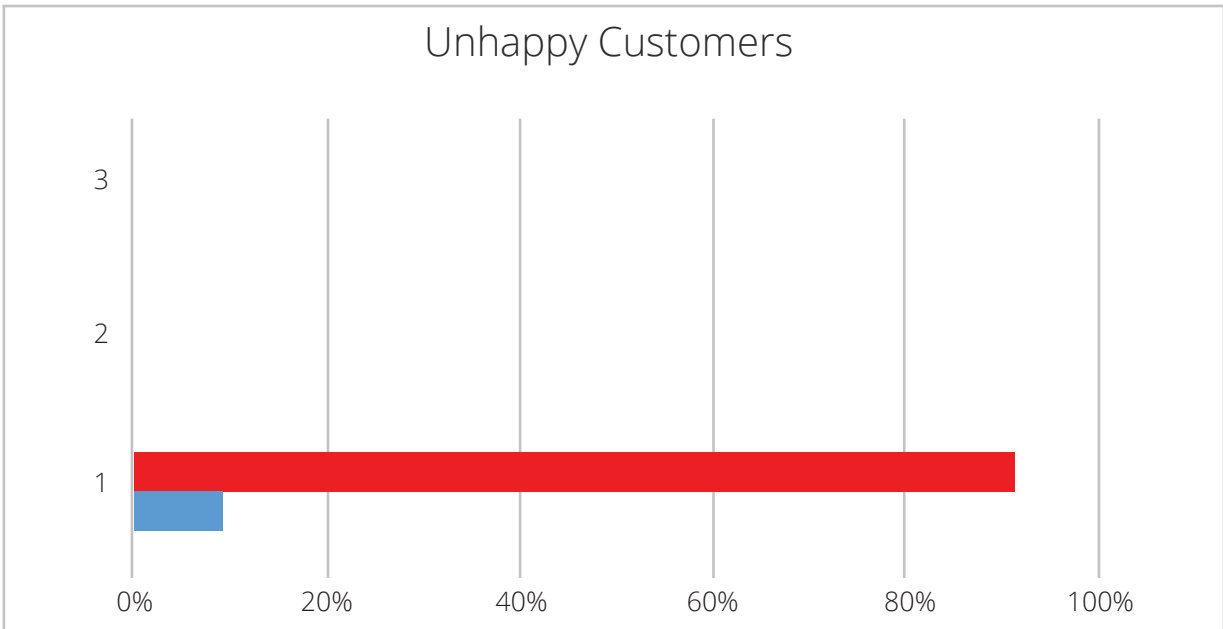
Most of the customers said they love personalized interactions and want it in a certain way.
(As per Katey Charles findings report)



Linking Purchasing Behavior Data with Email Marketing and Customer Retention

According to a research, the chances of a customer making another repeat purchase increases with every purchase they make with the company. For this reason, it is important to keep in touch with the customer immediately after the latest purchase through email. There are many cases if the customer is not happy with the product he will just not purchase again and will also not report to the company.

91% of unhappy customers do not complain and quietly leaves.

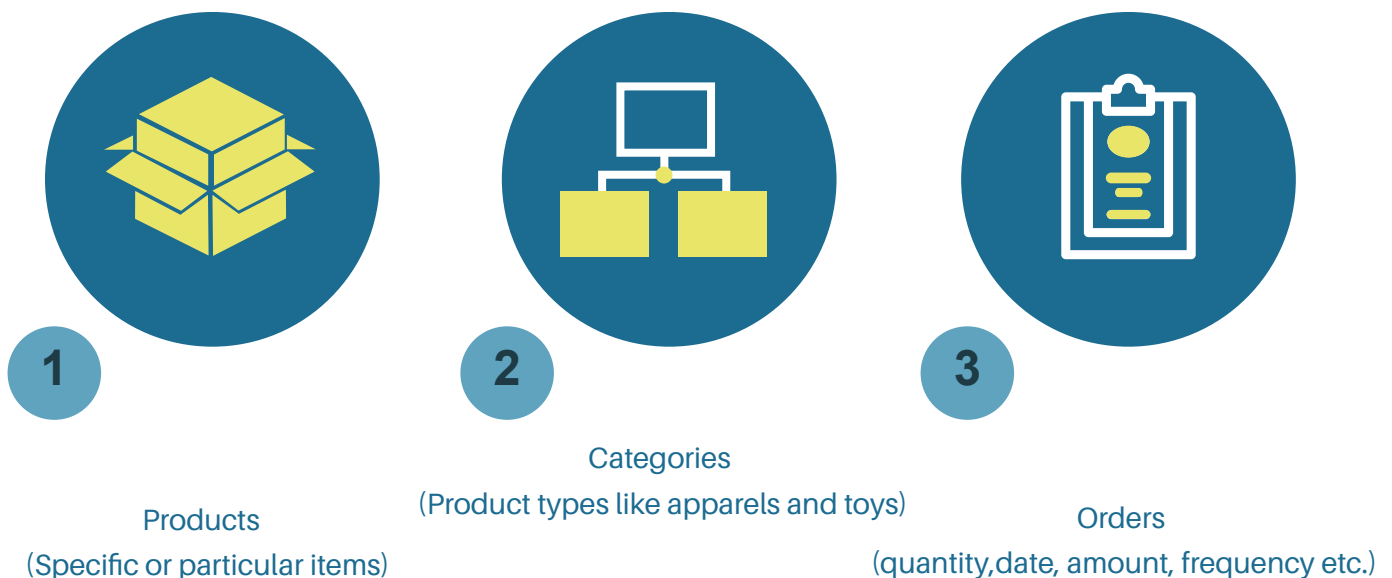


By the time company reach out to the complaining customers it's too late. It is observed that one should not rely on the customer to raise a red flag to provide customer satisfaction and increase retention. The red flag is noticed by observing customer's behavior and proper analytics. When the customer does not say anything, it is one of the factors that he is not happy with the product or service. This sign is enough to check with the product or service provided to the particular customer so that at the right time the issue is addressed and fixed.

Email Marketing Based on Consumer Purchase Data and Behavior

There is an ample amount of data which predicts the behavior of the customer. The systematic integration of the customer's recent purchases with email marketing helps in creating relevant and engaging content for marketing.

Purchase behavior data are mainly:



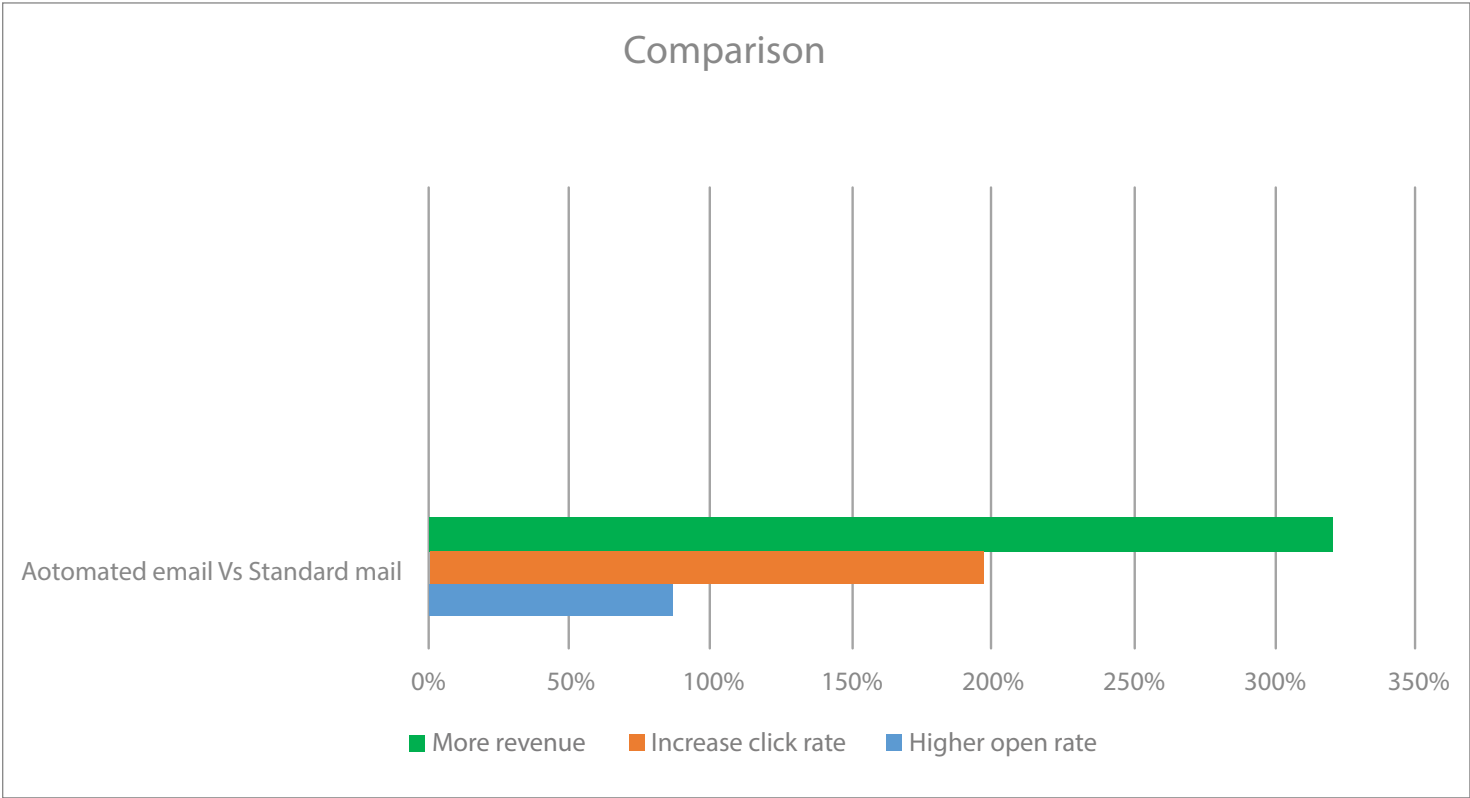
In purchase behavior data everything is included which are the customers who purchased the products who can be the first time visitor, repeat purchaser or the customer who abandoned the shopping cart midway.

The collected data is filtered by conjoining all the parameters which make it easy to identify a specific category of customer. Like a company have the data where they have the records of a particular customer who purchase the same product in the month of February. In this scenario, email marketing is planned to target such customers prior some months. These tactics motivate the customer to buy that product in more numbers. As the customer is a loyal customer he is bound to look into that offer.

There are some cases where two different products are clubbed together to boost the sale. For example, a UK based retail chain did an odd promotional program where they clubbed the diapers and beer together to boost sales. When the shopper used the Clubcard for buying diapers, it was tracked. It was noted down that they are the first time buyers and are the new parents. The new fathers didn't have ample time to visit their favorite clubs instead they preferred to have it at home. The business intelligence helped the company to boost their sales swiftly with good revenues.

Information about each individual customers informs about their behavior and approach and informs the automated email campaign which as a result sends the campaign.

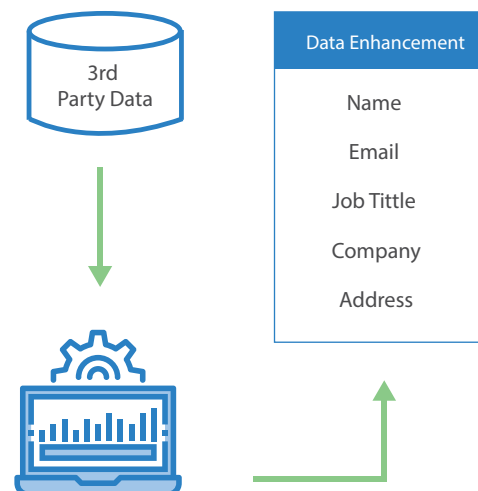
Automated Email Vs Standard Mail



Automated emails have resulted in many benefits which are 80% ROI, +46% growth, more productive marketers, +26% more leads.

Third Party Data Enhancement

Third party data enhancement is one of the marketing processes to unite the first party and the third party to get a clear understanding of the customers. This enables to create a highly targeted campaign that suits the needs of the customers. First-party data is the information which is collected from the prospects through pop-up forms, sign-ups, purchase data while the third party data is collected from another organization through the service provider. These metrics are clustered through multiple channels and helps in the better understanding of the customer. Third party data is more valuable as it expands the realm of possibilities with audience segmentation, personalization and modeling. In most of the cases of a financial services company, industry professionals rely on third-party data to send an offer to the consumers.

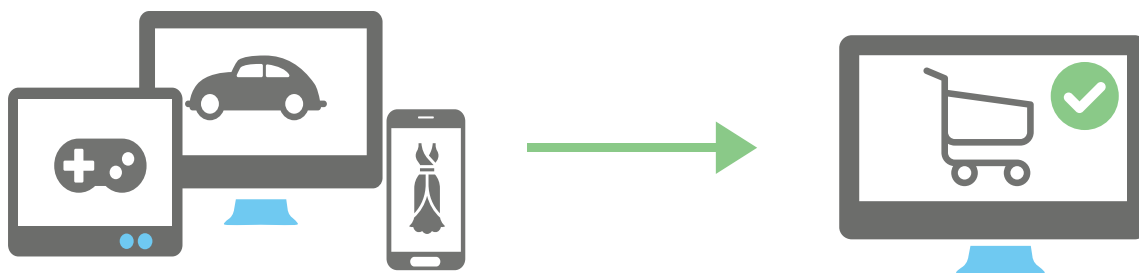


Targeting Purchase Behavior

Optimized email marketing strategies + behavioral purchase targeting = Desired results

Behavioral targeting has mainly two steps:

- 1) Segmenting the visitors based on the behavioral profile
- 2) Defining the actions needed for each profile to achieve the required marketing results



Behavioral targeting works best in email marketing.

Behavioral targeted mails (Based on transactional and trigger based data) → Average open rate of **50%**

Email retargeting at an online retail of RC cars → Got a **90%** email open rate, **775%** more conversions

Types of Email Based on Behavioral Targeting

Types of email based on behavioral targeting:

- 1) Received product review a few days after the customer purchased the product
- 2) Attract customers who have not purchased for the last 3 months but visited the site during that time period
- 3) Welcome email for the visitors signed up for the mailing list

Popups

These are the offers which pop up for a limited time period. An online shoe retailer ZooShoo specialized in women fashion had their overall revenue increase by 7.35% through behaviorally targeted email pop-ups. 5000 email subscribers were added and 1,129 became customers.



As per the findings in a Sleeknote report:

For calls to action in email marketing “introducing” has the highest score 67/100.

Top 5	Phrase score connecting with consumer purchase
Introducing	67
Get your	54
Continues	55
Celebrate	64
Buy	61

Bottom 5	Phrase score
When you spend	29
Claim your	25
Get ready for	23
Claim your free	17
Spend	34

For sales promotion:

Top 5	Phrase score
On orders over	83
Off selected	71
Your next order	69
Orders over	72
Available	69



Bottom 5	Phrase score
Savings	31
Off all	26
Offer ends	23
Off when you	23
\$...off	28

Offers Favored by Customers in Email Marketing(As per Katey Charles Report)

Different age groups prefer different advertising emails. 35-54 year old mainly preferred dollar off deals with 55-64 year old preferred free shipping.

	18-24 age	25-34 age	35-44 age	45-54 age	55- 64
Dollars off	20.1%	23.2%	25.8%	26.9%	21.1%
Free shipping	18.1%	18.6%	24.9%	26.5%	32.5%
Percentage off	33.7%	24.6%	20.1%	17.2%	15.4%
Buy one get one free	15.1%	13.5%	12.8%	14.0%	17.9%
Loyalty points	5.5%	12.1%	10.8%	11.4%	11.4%
Free gift	4.5%	6.0%	3.9%	2.8%	1.6%
Referral program rewards	3.0%	1.9%	1.8%	1.3%	0.00%



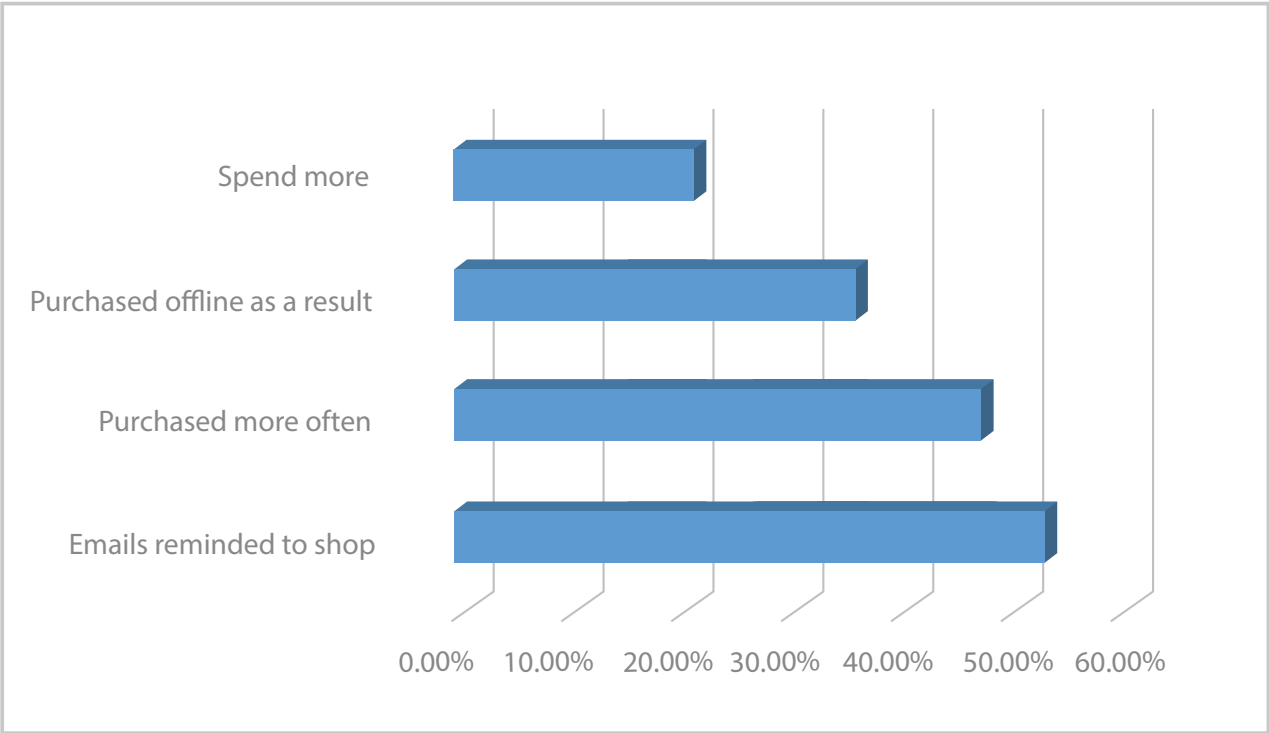
The other offers favored by the customers are:

Loyalty rewards	65.90%
Loved the brand	40.40%
product research participate	35.10%
Contests & sweepstakes	33.20%
Product information	22.60%
Exclusive news	22.50%
Other	4.30%

Email Marketing as a Reminder

60% of consumers said that email marketing influences their purchase decisions. Almost half of them acknowledged that it reminded them to purchase. 1 in 5 customers said that tend to spend more as a result.

Email Reminder



Conclusion

It is crucial to understand the influence of email marketing on consumer purchase as still now the majority of the customers and marketers prefer this mode to communicate and share information. It's an affordable form of marketing. When it is able to give the required results, which is attracting the customers and motivating them to purchase a specific product in good numbers, it becomes one of the successful modes for marketing purpose.

About InfoClutch

InfoClutch

InfoClutch is a leading provider of b2b business intelligence solution for marketers of various domains across the world. With a strong international presence, the brand had taken center stage from its inception two years ago. InfoClutch offers a comprehensive collection of segmented consumer profiles to find profitable individuals and bringing them a notch closer to your products and services.

You can learn more about platform friendly mailing data by getting in touch with our expert at InfoClutch.

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