How 300 Retailers Use Email Marketing

See charts on

- how often signup prompts are used
- where signup prompts are placed
- how many segment lists
- how many offer signup bonuses
- if they use double opt-in
- if they send welcome emails
- how many clicks to unsubscribe
- what happens after unsubscribe
- which niches they are in
- annual revenues

- their email service providers
- how often they email
- how often their emails go to spam
- kinds of signup prompts used
- specific bonuses offered for signup
- which list selects are asked for
- average number of selects
- how their emails look on an iPhone
- social media buttons in emails
- which social buttons in emails

- email & social icons on product pages
- which social icons on product pages
- whether or not they have apps
- which app platforms they use
- how many are Google Trusted stores



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Introduction

For the last six months I've been surveying how 300 Internet retailers do their email marketing. By tracking how these retailers acquire and engage with their subscribers through email, I've discovered some startling missed opportunities for this group, but I've also seen some very promising trends.

Who Are These Retailers?

Their annual revenue is between \$5 and \$25 million. I define a "retailer" as a company that

- sells mostly to consumers, not businesses
- has a checkout cart on the site
- is not primarily a manufacturer of products that are distributed to other retailers

I selected this group from the list of Second 500 Retailers put out by Internet Retailer in 2012, and also added another group of retailers from the Inc Magazine 5,000. I did not use every retailer from either of those lists because I wanted companies that were selling goods, not services. I also wanted companies that were selling mostly to consumers, not to businesses. The companies here are almost entirely U.S.-based. A handful operate out of Canada.

If I had to pick one common denominator for all 300 companies, it would have to be growth. These retailers are growing - rapidly. Sales for this group grew roughly 15% in 2012.

Growth is great, but it puts strains on a company. Add the strain of rapid growth to the speed of change in Internet marketing, and you can see why so many Marketing Directors feel overwhelmed.



Niches & Annual Revenue

97% of these "small" retailers are firmly settled into a specific niche.

That gives them an edge against Amazon and other mega-retailers. By specializing they can offer more expertise and a deeper product selection than the generalists can.

They can also better tailor their message to engage with their customers. They can't be all things to all people but they can focus intently on their niche and deliver products and information to that group in a way that a mega-retailer can't.



Which Niches "The 300" Fall Into



The next thing to look at is revenues. The smaller pie chart on the left shows how The 300 break out in terms of annual sales. Average annual revenue is \$11.5 million. That's 2.4% of Amazon's \$48.08 billion revenue in 2011.

The 300 Retailers

123Greetinas 2nd Wind Exercise Equipment 39 Dollar Glasses 3balls.com Inc. 4Wheel Drive Hardware 80s tees A1 Pool Parts Abacus 247 LLC Abe's of Maine Academy Sports + Outdoors AccessoryGeeks.com Ace Hardware Corp. Action Village Active Ride Shop Adiamor Airgun Depot Albee Baby Aleva Stores alex and ani Alice.com Altrec American Meadows Anna's Linens Appliance Parts Pros Inc. Appliance Zone Ashlev Stewart Auntie's Beads Austin Bazaar Autohaus Arizona Inc. Aveda Corp. BabyEarth Bag Borrow or Steal bambeco Baseball Rampage BatteryJunction.com Baudville Inc. Beau-Coup Favors Inc. Bed Bath Store Bedgear BHCosmetics Inc. Big Dot of Happiness Bike SomeWhere BikesDirect.com Billiards.com Birchbox Inc Birthday Direct Inc. Black Forest Decor Blinds Chalet Blue Cotton Bohme Bon-Ton Stores Inc., The Bonobos Boot Bay Boston Green Goods Inc. Brenthaven BTO Sports Build-A-Bear Workshop Inc. Bulbs.com Bulk Reef Supply Burlington Coat Factory

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ScotteVest Inc.

Pop-Up Boxes

Love them or hate them, pop-ups work. But most retailers either don't know that, or can't get them to work, or just dislike them so much they don't care if they work.

Compare the 16% for the 300 to Experian's 2012 "Email Market Study: Email Acquisition and Engagement Tactics" report that said 22% of marketers use pop-up windows on their website to collect email addresses.



Number of Signup Boxes

18.3% of these retailers do not have any way for someone to subscribe to their newsletter on their homepage or any other page.

These sites either do not have an email list at all, or they have not put a signup box on their pages. *Internet Retailer's 2013 Second 500* survey has only 84.8% of Second 500 retailers with an email program.

Most sites do have at least one opportunity to sign up for their email newsletter. Some have as many as three different calls to action just on the home page.

Compare this to ExactTarget's Website Touchpoints Exposed infographic, which reported that only 74% of the Stores.org Hot 100 List had email opt-in prompts on their homepages.



Where retailers put their signup prompts on pages



The bottom right corner is the most popular spot for an email signup.

Unfortunately, the top right position is used only 15% of the time, and only 26% of signups are on the top of the page. Though it is tempting to use that space to get an immediate sale, the reality is that if people don't sign up, they may be gone forever. But if their email address can be captured then the conversation can continue. Only 26% of websites (the ones with opt-in prompts at the top of the page) are well-positioned to capture new subscribers.

The sites offering a signup only at the bottom of the page are at a real disadvantage because many visitors won't scroll to the bottom of the page, and thus won't even see the email prompt. Many visitors won't even see the signup boxes more than 700 pixels from the top.

Compare these stats to the 2013 Internet Retailer Second 500 study, which has 390 of the 500 with an "opt-in located prominent-ly". That's 78%.

Where signups are on pages



What Kind of Signup Prompts and Where

The next question is what kind of signup prompts there are. I broke this down into three types

- Box: An inline form the user can enter their email address click a button to subscribe
- Image: A call to action that is formatted as an image. The visitor has to click on the image to begin the signup process
- Text: A text link that brings the user to a new page to subscribe

The chart on the right shows where these different signup appear on retailers' pages.

I was pleased to see "boxes" – inline forms – hold the top four positions in this chart. Having an inline form instead of a link to another page is a proven way to get far more subscribers. Clearly, these retailers don't just know that; they've implemented it.

The position of the boxes was a bit of a disappointment – we don't see a signup prompt in the top part of the page until we get down to the 6th most used signup prompt and position, which is a text link in the top right. Putting a signup box at the top of the page has been shown to increase opt-ins by 30%. In that same test, sales went up by 27%. That's a strong counter to the belief that anything above the fold on a retail site needs to be navigation, branding or for direct sales.

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The chart on the right shows how frequently the different signup elements are used. This is very good news. The bulk of sign up mechanisms are boxes, which makes it easier - and more likely - for visitors to sign up.

The next thing to look at is placement. If we distill this even further, down to top, middle and bottom, it looks like the chart to the lower right. This is less than good news. Most of the sign up mechanisms are in the bottom or the middle. Ideally, they would be located in the top part of the page.

Given that most websites have a conversion rate between 2 and 3%, that means that more than 97% of visitors leave without ever ordering. By getting an email address, those losses can be mitigated because retailers can continue the conversation with the people who leave without buying – IF they can get their email address.

The "golden triangle" is where people look. There's an example of it below. The middle and bottom boxes are outside the golden triangle. Many visitors will never see those signup prompts.











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Incentives to signup

Two-thirds of retailers offer no bonus for signing up. Among those who do offer a coupon or other benefit, many do not mention that benefit until the welcome email.

You can see what incentives were offered in the graph on the right. Notice that there are none of the free reports or surveys offered that businesses or consultants use to entice signups.

A 10% discount is by far the most popular incentive. That's good, but 10% off is not a compelling offer. The retailers offering 15% or 20% off may do better.



% of retailers that offer any kind of coupon, prize or reward for signing up



Incentives used to entice more opt-ins

The Internet Retailer 2013 Second 500 report shows that only 83 of their 500 retailers offer incentives to opt-in. That would be 16.6% - about half of what I found. The Email Experience Council's Second Annual Retail Email Welcome Survey from 2007 stated that 32% of welcome emails include "a discount, reward or incentive".

List segmentation

Roughly one in five of The 300 ask subscribers what topics they're interested in.

Fortunately, segmentation does appear to be on some marketers' radar. The 2013 StrongMail Marketing Trends Survey shows 48% of respondents saying that "improving segmentation and targeting" is their most important email marketing initiative of 2013.

Also, this chart only shows the subject selects asked for at signup - whether or not retailers are segmenting according to purchase behavior or how subscribers interact with the emails is not known.

% of retailers that ask for subject selects





How many subject selects asked for

Compare this chart to *ExactTarget's* Website Touchpoints *Exposed* infographic, which reported that only 18% of the Internet Retailer Hot 100 List had "shopping preference or interest" selects.

This is a missed opportunity. According to the 2013 DMA "National Client Email Report", "Email marketers estimate 30% of email revenue derives from targeting to specific segments." A recent eMarketer study, as reported by HubSpot, states: "39% of email marketers that practice list segmentation see better open rates; 28% see lower opt-out and unsubscribe rates; and 24% see better email deliverability, increased sales leads, and greater revenue."

Information asked for during signup

Most retailers do not require anything beyond an email address to sign up. For those that do require more information, whether the subscriber wants text or html messages is by far the most requested.

Compare these stats to ExactTarget's infographic, How Retailers are Using Their Websites for Customer Acquisition. A segment from that infographic is shown below. Larger retailers appear to require far more information than the smaller retailers of the 300.





The best way to ask for anything beyond the email is through a two-step process. Capture the visitor's email first, and then get secondary information.

One thing is conspiciously absent from the list of required information: frequency. None of the smaller retailers required this, and only





2% of the Hot 100% Retailers asked for frequency preferences. This is a major missed opportunity given that receiving too many emails is the number one reason people unsubscribe from email lists.

Double versus single opt-in

Double opt-in has been shown to give much better long-term results, but most retailers don't use it.

There is legimate concern that double opt-in will reduce opt-ins. It's not a myth. Marketing Sherpa has reported double opt-in reducing opt-ins by as much as 40%, though other marketers have reported only 14% drops in new subscribers. As usual, it depends on how you implement it and who your audience is.

If you're still reeling from the Marketing Sherpa figure, consider that they estimate that only 68% of website users enter a valid email address. That makes single opt-in look a lot less attractive.

Even with fewer subscribers, double opt-in wins in the long run. MailChimp reports double opt-ins generating 72.2% more opens, 114% more clicks and 48.3% fewer hard bounces.



It is just luck? BtoB Magazines's 2012 "Email Marketing: A Legacy Channel Continues to Deliver" reported 13% of survey respondents using double opt-in.

How many send welcome emails?



Welcome emails

Welcome emails are a major missed opportunity. Experian's 2013 Digital Marketer Report shows that on average

- Welcome emails get 24.6% open rates and a 6.5% click rate
- Thank-you-for-subscribing emails get a 33.7% open rate & a 10.3% click rate
- Regular promotional emails get only a 9.2% open rate & a 1.8% click rate

Compare my stats to the 2013 Internet Retailer Second 500 report, which had 270 out of 500 using a welcome series. That works out to 54% sending welcome emails.

Adding even a couple of best-selling products or popular blog posts can capture customers' attention at it's peak. They may not ever be as interested in your company as they are when they first sign up.

Emails received in the first month after subscribing*



*Includes emails that ended up in my spam folder.

Out of 300 retailers, 18% (or 54) had no signup box at all. Of the remaining 246 retailers, 30% (or 74) never sent an email.

For some perspective, look to the UK DMA's 2013 "National Client Email Report", which reported that 14% of organizations never send more than one email a month to subscribers, while 33% send at least six a month (up from just 15% in 2011)".

The report continues: "Most marketers (35%) contact an address on their list 2-3 times in one month. The next most popular frequency is 4-6 times according to 20% of respondents. Only 7% of marketers send 6-8 emails to an address on their list in one month.

Email Frequency According to the UK DMA's 2013 National Client Email Report



How Many Emails Went to Spam Folder

This was a major surprise, especially because I used a Gmail account for tracking emails. The vast majority got through. Smaller retailers appear to be doing very well with deliverability.

This is confirmed in Return Path's "The Email Intelligence Report Q3 2012", which states: "The average inbox placement rate was 84%; however, the financial services (99%), consumer services (96%), and retail industries (96%) far outperformed that average."

This is the percent of retailers that ever sent an email that ended up my spam folder





How Emails Looked on an iPhone 5

According to Litmus, on July 5, 2013, 44% of emails are now read on mobile devices. iPhones are the top email client - 23% of emails are opened on an iPhone. Overall, this group did reasonably well with having emails look good on an iPhone, but they need to increase type size to at least 14 points and spread links out so they can be clicked easily.

Social buttons in email

Here's what I found in emails from the 300:

84.82% have a Facebook icon 7.85% no social icons or forward 41.36% have a Pinterest icon 79.58% have a Twitter icon 33.51% have a Youtube icon 23.56% have a Google+ icon 39.27% have a forward link have a Tumblr icon 5.24% 23.56% have a blog icon have an app icon 4.19% have an Instagram icon 9.42% have a LinkedIn icon 1.57% 1.05% have a text icon

Here's what ExactTarget found from the Hot 100 List:





10% of the 300 retailers had no sharing icons in their emails. For those that did have sharing icons, Facebook dominated, followed by a forward to a friend link. The number of sharing icons for The 300 matches the ExactTarget average number of social sharing icons.

The Unsubscribe Process

There's another major missed opportunity here, according to MarketingCharts. com, "Marketers may be able to prevent churn by offering an 'opt down' option (change in frequency, subscription topics, etc.). Given this choice when opting out, 47.1% of respondents said they would always (20.3%) or sometimes (26.8%) use it instead of unsubscribing."

Even if they do unsubscribe, why not ask to engage through a different, less-demanding channel, like Facebook or YouTube?



What happens after the unsubscribe? These are the re-engagement techniques used by The 300



Email Service Providers

The one glaring omission here is AWeber, which probably takes up the bulk of the retailers I marked as "can't tell".

Having Bronto first and MailChimp second is an interesting contrast. Bronto costs a minimum of \$10,000 a month, wheras MailChimp offers a low-volume free account. And Experian's CheetahMail beats out Constant Contact, the largest email service provider.

I found out which email provider the retailers where using by choosing "view source" on email messages, unsubscribe pages and opt-in boxes.



Retail Mobile Apps

The 300 lags behind larger retailers when it comes to mobile apps. After searching on the iPhone, iPad and Android app listings, I found only 11% of the 300 had apps.

Compare that to Acquity Group's October 2012 "M-Commerce Audit" report, which found "Forty-nine percent of mobile sites included a downloadable app. From 2011 to 2012, this is an 88 percent increase." Acquity's retailers were from the top 300 retailers as reported by Internet Retailer in 2012.

Acquity also reported that "Forty-six percent of retailers surveyed had an iPhone app, which is an increase from 23 percent in 2011. Thirty-three percent of retailers had an Android app, up from 10 percent in 2011."

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Mobile App Platforms Used by The 300

% of retailers that have an app



There are roughly four times as many iOS mobile apps than Android apps, and that seems to be a good choice. *Internet Retailer* reported in a December 2012 article that "Apple users are far more valuable than Android users", and RichRelevance's "The 2012 Q1 shopping insights mobile study," that "The iPad makes up 64 percent of mobile shopping sessions, and other iOS devices accounted for another 17 percent."

The study also states that "Google's Android and Microsoft's Windows, specifically around tablets, other operating systems only made up 19 percent of shopping sessions."

Send to a friend and social share buttons on product pages

Facebook	211	70.33%
Twitter	152	50.67%
Pinterest	133	44.33%
Google +	106	35.33%
Email	147	49.00%
Share	84	28.00%
Digg	11	3.67%
Stumble	6	2.00%
Bookmark	5	1.67%

Compare these stats to what's been reported by DigiDay: "Seventy-five percent of retail product pages have a Facebook share button, while only 22 percent of retailers' product pages encourage sharing an item via Pinterest, even though Pinterest now drives more sales and more new customers than Facebook. (Exact Target and Econsultancy)"

Google Trusted Stores

% of retailers that are Google Trusted Stores The Google Trusted Stores pro-



gram is free to join. Enrollment basically means that Google can intervene on a customer's behalf if there is a problem with shipping or the item purchased. Google will also track how quickly a store ships and responds to customer inquiries.

Given how badly some retailers did in the last Penguin update, becoming a Google Trusted Store might have merits.



Email 2.0

Want to stay up to date with developments in email, mobile and social media? Then **subscribe to Email 2.0**, Pam's weekly email bulletin.

You'll get **The Email List Growth Checklist** as a bonus. In just a few minutes you'll be able to access the state of your list-building efforts, see where there's room for improvement, and know which tasks will deliver the most results.

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About Pam Neely

Pam Neely has been a copywriter and online marketer for 15 years. She's helped dozens of small businesses find and retain customers in cost-effective ways. She once **saved a ppc client \$904,470 with one simple A/B split test.**

Pam holds a Master's Degree in Direct and Interactive Marketing from New York University and has won a New York Press Award for a feature story she wrote for a weekly newspaper.

If you want help with an email, search

or content marketing campaign, contact Pam at pam@pamneely. com or visit PamNeely.com.

50 Ways to Build Your Email Marketing List

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