

WHITEPAPER

# Is Email Marketing Endangered?

## The Truth About Email Usage Trends in Multi-Channel Marketing

### Setting the Stage

As Facebook eclipses 300 million users and teens remain glued to their mobile devices during family dinners, many marketers remain wary about email's fate. Their concerns seem well-founded given popular thought—a recent blog posting by Nielsen titled, “Is Social Media Impacting How Much We Email?” captures this contemporary sentiment. But predictions about email's replacement aren't new. In July of 2006, Pew Internet predicted that the “popularity of email and the intensity of its use are waning” in favor of new and emerging technology.

**So if email is all but dead, why are marketers still investing their marketing dollars in this channel?** According to Forrester Research, investments in email marketing will grow from \$1.2 billion in 2009 to \$2 billion by 2014. Additionally, the Direct Marketing Association (DMA) reports that the return on investment (ROI) from email marketing is greater than \$43 for every dollar spent. **And based on data from ExactTarget's 2009 Channel Preference Study, more than 50% of consumers make purchases as a direct result of email. It also drives more conversions than any other channel.**

If email still works when it comes to marketing communications, as the data suggests, then why all the fuss about its extinction? ExactTarget set out to find the answer to this lingering question by examining the use of four communication channels—email, instant messaging, social networks, and text messaging. By surveying US and UK consumers about their use of these four channels, we hope to provide insight into the future of email marketing.

*Inside this whitepaper, you'll discover:*

- The truth about email usage in a digital age
- The factors impacting current email trends
- The future of email in a multi-channel landscape

Now, let's take a look at the research to expose email's longevity in multi-channel marketing.

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### Email Marketing: Dead or Alive?

Despite the rapid adoption of emerging media, email usage is still on the rise (Figure 1). In fact, while the majority (65%) of online consumers report their email usage as staying the same over the past six months, the overall ratio of consumers using email more often (4:1) is higher than both social media and text messaging (2:1).

And it doesn't look like email is losing any ground to its new channel companions. Across all four communication channels examined, positive correlations exist—increased use in one channel is linked to increased use in another channel. In other words, if consumers use social media more, they're also likely to increase their use of email, text messaging, or instant messaging.

#### Email Is Alive and Well

Despite the rapid adoption of emerging media and new technology, email usage is on the rise—the overall ratio of consumers using email more often is higher than both social media and text messaging.



### Email

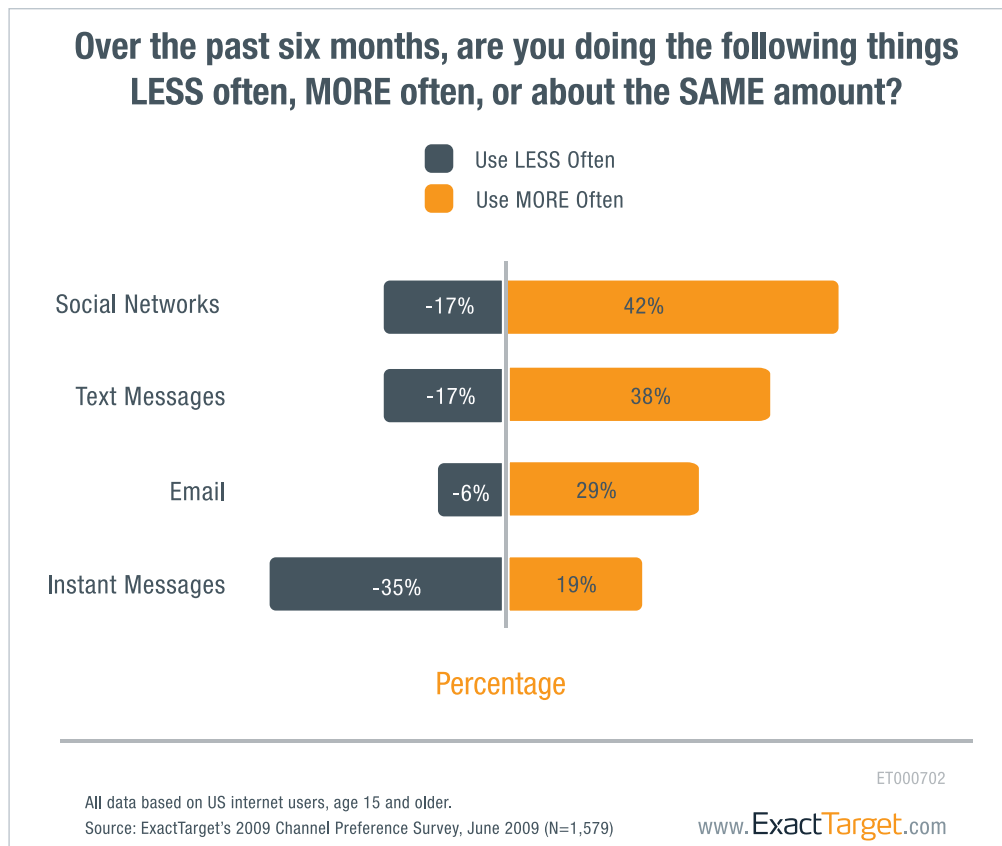


Figure 1: Technology Use Over Past Six Months

Now that we've examined how email usage trends are on the rise, let's look at *who* is using email more often. Our research highlights groups of consumers who are using email more often and offers insight into why we think email use is on the rise.

### Smartphone Owners & Email

Those who own a smartphone are significantly more likely to increase email usage than those who don't (Figure 2). The reasons for increased email usage among smartphone owners are somewhat unclear. Are people using email more because of smartphones, or are the people who own smartphones simply more likely to use email more often?

We turned to Professor Mike Handley, director of the Institute for Mobile Media Research at Ball State University, to find out what could account for this increase. Mike has been tracking mobile phone usage among college students for the past five years, and explains:

“The smartphone is becoming a game changer for college students’ mobile usage, including email. As of September 2009, 38% of students at Ball State University said they use a smartphone, up from 27% in February. And one of the biggest winners is email. Two-thirds of smartphone owners say they use email on their phone, a 5% increase since February. Only 9% of feature phone owners use email. The increased use of mobile email is significant because computer email use by college students has declined over the past five years. The ability for students to have email on their smartphones fits their mobile lifestyles perfectly. Students on campus rely on email for personal and academic needs. Mobile email untethers them from a computer and a smartphone gives them email access everywhere. I expect to see smartphone email use continue to grow.”

**ExactTarget Insight:** In addition to college students, many business professionals own smartphones as well. And although it makes sense to assume smartphone owners use email more as a result of business needs, our data suggests otherwise. 71% of smartphone owners report sending and receiving more personal emails as opposed to work-related emails.

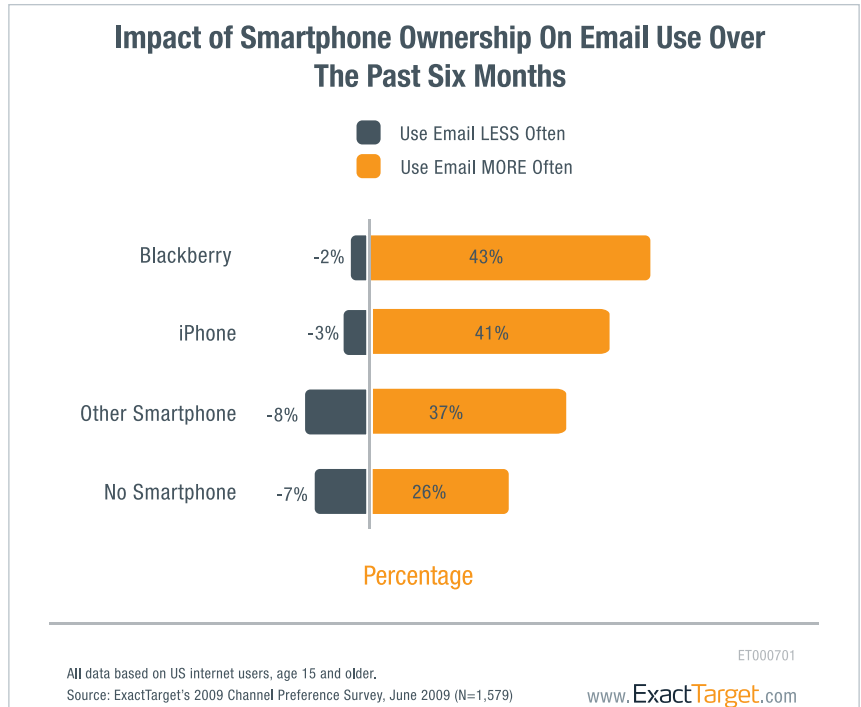


Figure 2: Smartphone Use Over Past Six Months

### Are Smartphone Owners All Business?

Nope. Our research shows that 71% of smartphone owners report sending and receiving more personal emails as opposed to work-related emails.



**Mobile**

### Social Media Users & Email

Overall, individuals who have increased their usage of social networks over the past six months are also using email more by a ratio of 11:1. Additionally, “heavy” Twitter users (defined as individuals who check Twitter several times a day) are more likely to increase email usage by a ratio of 8:1, while heavy Facebook users are more likely to increase email usage by a ratio of 4:1.

*ExactTarget Insight:* Social networks have contributed to increased email usage, but this number is significantly skewed by heavy social media users. Social media is only one factor among many when it comes to why people are using email more often. Once we account for moderate and light social media users, there’s no significant difference in the percentage of individuals using email more or less based on whether or not they use social media.

### How Life Stage Affects Email Habits

Life stage or age also impacts how consumers use email. There are three critical life stages that impact email usage trends.

#### Teenagers (15 to 17-years-old)

Infrequent email use among teens is well documented. Only 20% of teens report using email more often, while 16% report using email less often. Overall, only 18% of teens prefer to use email when communicating with friends.

Teens are the only exception to the positive correlation between email and increased channel usage that we highlighted earlier. As teens increase their use of text messaging by a ratio of 6:1 and social networks by a ratio of 3:1, their email usage has neither increased nor decreased.

*ExactTarget Insight:* The lack of email use by teens appears to be a life stage phenomenon, not a generational one. During this highly social period of human development, teens prefer channels that are suited toward interpersonal communication. The majority aren’t concerned about interacting in the “adult world” of bills and business, so email use simply hasn’t become a necessity. Email use among teenagers has been low for several years and this isn’t likely to change.

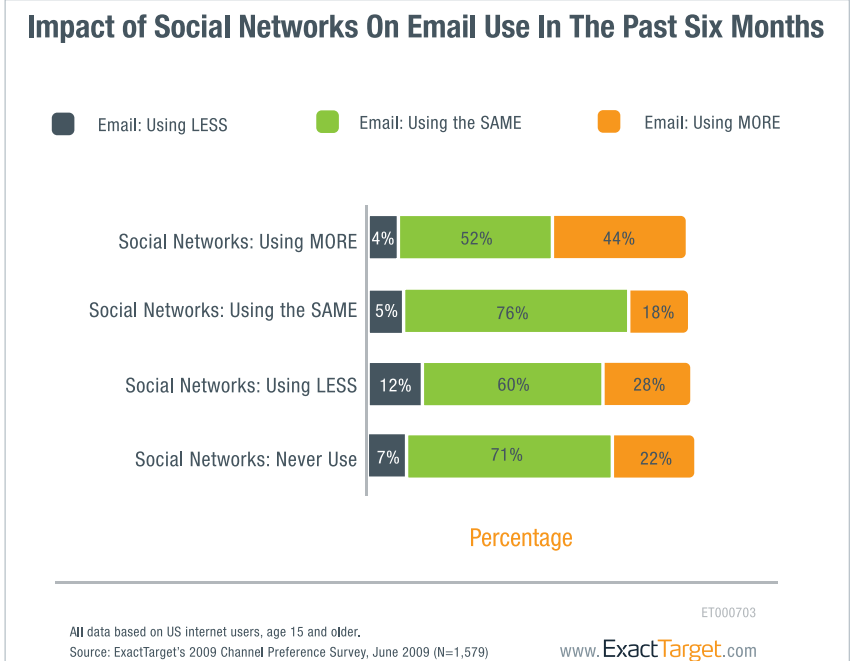


Figure 3: Social Network Impact On Email Use Over Past Six Months

#### Impact of Social Media on Email

Social networks have contributed to increased email usage, but it remains only one factor among many when it comes to explaining why people are using email more often. This number is also significantly skewed by heavy social media users.



### Social

## Young Adults (18 to 24-years-old)

38% of college students report using email more often, the most significant uptick in email usage observed in our study. Increased email usage continues for college students after graduation, when many enter their professional careers.

*ExactTarget Insight:* This life stage carries major changes—adulthood officially begins at age 18, and many children move away from home, inheriting adult responsibilities such as opening a checking account or paying rent. In order to fulfill these responsibilities, young adults must interact with companies, often doing so via email. Another reason for this increase? Individuals within this demographic are more likely to own smartphones and use social media, which both positively correlate with increased email usage.

## Adults (25+)

From age 25 on, online consumers are using email more often by a ratio of at least 5:1 across every age category. While these figures are still positively correlated, adults are only increasing text messaging by a rate of 2:1 and their use of social media by 3:1. Even among this group, social media doesn't solely account for the increase in email usage.

*ExactTarget Insight:* The prevalence of email is not only increasing consumer email usage in this age bracket, but across the board as well. Banks encourage paperless statements, friends deploy social invitations via email, and virtually all marketers encourage their consumers to subscribe to email programs. Overall, digital mediums are more heavily relied upon, and email remains the foundation of the communications landscape.

## Key Insights About the Future of Email

Our data indicates that the use of email is increasing despite perceived threats from the rise of social networking sites and increased use of text messaging among consumers.

**Marketers investing in their email efforts should proceed with confidence for the following reasons:**

### 1. Email and social media are interdependent.

The interdependence of email and social media is the most commonly referenced reason explaining the increased use of email over the past year. And while our data supports this hypothesis, this interdependence only explains a portion of why email use is on the rise. We expect the social media phenomenon to continue for the foreseeable future, and as it continues, increased email use will continue as well.

### 2. People rely on digital communication MORE and call LESS.

No matter how we sliced the data, increased use of one digital communication channel is positively correlated with the increased use of all other digital communication channels we studied. In short, people who use one channel more often tend to use ALL channels more often. Additionally, as overall internet use increases, so too does email use.

What accounts for these positive correlations? Part of the reason lies in the fact that people are simply writing more and calling less. Another factor is likely the reality that people are communicating with more people. In the past, catching up with high school friends was restricted to reunions—today, individuals can be in regular contact through social networks.

### Young Adults Use Email More Often

Young Adults experience significant changes at this stage in their lives, which could account for their 38% uptick in email usage. This is the most significant increase in email usage observed in our study.

### Is Email Marketing Here to Stay?

Our research suggests that the use of email continues to increase, despite perceived threats from new and emerging technology. Marketers should continue to invest resources into their email efforts for many different reasons.

### 3. Companies are promoting email, and consumers are responding.

Banks and credit card companies promote paperless statements in order to cut down on expenses, but it works for consumers as well—email is how the overwhelming majority of consumers prefer to receive these communications.<sup>1</sup>

And consumers aren't limiting their preference for email to essential communications from banks or travel companies. This commonality exists across all marketing communications—email is a highly efficient and effective channel for marketers, and consumers increasingly want and expect to receive email promotions from companies. 75% of consumers would prefer to receive permission-based promotions through email, and 93% of online consumers have provided companies with permission to send them information through email. Only 25% of consumers have provided companies with permission to contact them via text messaging and only 12% say they have provided permission for companies to contact them through social networks.

### 4. Life stage impacts how consumers respond to email.

Life stage impacts how much consumers use email, especially when consumers reach young adulthood. As banks and credit card companies push paperless statements and rent and tuition bills can only be paid online, young adults are forced to interact via email. Based on the increased amount of email consumers receive, this trend doesn't appear to be slowing down anytime soon.

### 5. Email has become the foundational channel for marketing communications, upon which other mediums can build.

Many marketers are finding that the combination of email and other channels pack a powerful punch. Through these combinations marketers can embed and distribute video through email, notify consumers of when a catalog will arrive by mail in an effort to boost response, and even enlist subscribers as advocates by allowing them to share email content through social networks. Email is an integrated component of other channels, and is becoming more integrated as new technologies emerge.

### 6. Email continues to evolve and present new technologies of its own.

While emerging media such as text messaging and social media continues to create excitement, email has evolved through new features and advanced tools that help it create its own unique appeal. Gmail recently introduced new features designed for technologically savvy users, such as advanced filtering capabilities through an easy-to-use interface. Gmail users are increasing their use of email by a ratio of 6:1. Compare this to the increase among Yahoo users (2:1), where email innovations have typically been slower. New tools and features for email are contributing to increased email usage.

### 7. Email still has clear advantages when compared to other communication channels.

Obviously, all communication channels have their strengths and weaknesses. However, email has some advantages over text messaging and social network sites which help contribute to its longevity. These include privacy between sender and recipient, the ability to send messages of any length, message formatting flexibility, the ability to include attachments with messages, and a mature protocol (SMTP) that works across the entire internet (e.g., one doesn't need a gmail account to send email to a gmail address).

#### Gmail Users Email More

Gmail users are increasing their use of email by a ratio of 6:1, while Yahoo users are increasing email use by a ratio of only 2:1. Why the big difference? Gmail introduced new features designed for advanced users, where email innovations at Yahoo have typically been slower.



<sup>1</sup> ExactTarget's 2009 Channel Preference Study whitepaper and Strategy Meets Customer Expectations whitepaper

We have outlined seven compelling reasons why investing in email marketing programs makes sense as you navigate the multi-channel landscape. But a few challenges still remain for email, despite the positive indicators. As you develop your multi-channel marketing strategies, keep these challenges in mind.

### *Challenge #1:* **Due to email's prevalence, consumers face inbox clutter.**

The risk with inbox clutter is not that consumers will abandon their email inboxes, but whether or not marketing emails can stand out amongst the crowd. Want to make sure YOU stand out? **Deliver timely, relevant and personalized emails to your consumers, because they continue to hold high expectations that you will!**

### *Challenge #2:* **Despite contemporary wisdom, text messaging poses a greater threat to email than social network sites.**

The correlations between the increased use of email and social media are positive, but they are less substantial than correlations between email and text messaging. Additionally, consumers are much more open to the idea of receiving communications from companies in the form of text messages than they are to receiving the same communications through social network sites.

This percentage is still low, but in comparing attitudinal data from 2008 to 2009, there's an increasingly positive sentiment about marketing through text messages. **Marketers looking to expand their direct marketing footprint are well advised to start developing mobile messaging strategies.**

We hope our research has shed some light into the future of email marketing, as you continue to develop strategies for marketing success. Best wishes as you navigate the complex, multi-channel marketing landscape!

### **Challenges Still Loom for Email**

Although email use is on the rise, it still faces some challenges:

1. Due to email's prevalence, it risks becoming inbox clutter.
2. Text messaging poses a greater threat to email than social network sites.

## Methodology

ExactTarget's 2009 Channel Preference Survey is the second annual study on the topic of consumers' use of different channels for interpersonal communication and their attitudes toward marketing communications. This year, we also conducted the survey in the United Kingdom (UK). Data from the United States (US) includes 1,579 responses collected between June 12 and June 17 of 2009. Data from the UK includes 760 responses collected between August 27 and September 1 of 2009. In both cases, individuals in the marketing profession were screened from taking the survey.

Samples were drawn from the TrueSample™ online panel maintained by MarketTools. The samples were stratified according to age with a minimum number of respondents in each of seven age groups—200 in the US, 100 in the UK. Respondents were invited to participate in an online survey through email. For respondents 15-17 years of age, an invitation was sent to parents with teenage children living in the home asking them to have their teenage children respond.

## About the Author



### **Morgan Stewart, ExactTarget**

#### *Director, Research and Strategy*

Morgan Stewart is Director of Research & Strategy at ExactTarget, a leading provider of on-demand email and one-to-one marketing solutions. Morgan is responsible for conducting primary research on email marketing trends and digital marketing best practices. Considered one of the industry's thought leaders in email research, Morgan is a regular columnist for Mediapost's *Email Insider* and is regularly featured in industry publications, such as *BtoB Magazine*, *DM News*, and *MarketingSherpa*. His work has also been featured in national publications, including *Fortune*, *Forbes*, and *Newsweek*. Morgan's experiences with the thousands of organizations that use ExactTarget to manage permission email marketing allow him to deliver specific strategies on how to improve and enhance email marketing programs.