



MEASURING EMAIL'S EFFECTIVENESS

2017 RETAILER EXPERIENCE INSIGHTS

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INTRODUCTION

Is There A Way To Grade Email Effectiveness?

For retailers, email remains one of the most reliable tools in their arsenal. Emails featuring new products, emails to offer discounts on products that may have grown stale, and emails for just about everything else in between. Most retailers can tell you that if they stop sending emails, their sales will drop. And most watch their subscriber churn rates very closely. But beyond these measures, is there a way to dive more deeply into the general practices that can make or break a retailer's email strategy?

That is what RSR set out to discover. Using the Internet Retailer Top 500 list and publicly available email tracking tools, we worked in partnership with Coherent Path, an email marketing campaign optimization provider, to examine 138 retailers' email strategies. Our goal was to break down specific elements of emails that could be measured objectively across retailers to identify if there are places where retailers are over-investing in (burning through) their subscriber list, and also places where retailers may be under-investing in their list – leaving money on the table.

We found that, while there are places where retailers are implementing healthy email practices (e.g. by putting a menu of categories at the top of every email thereby providing more opportunities to entice a consumer to click through), there are many more places where retailers appear to be employing the “insanity practice” of email strategy: doing the same thing over and over, in the hope of getting a different result.

This research offers a top-level overview of the results. However, there is detailed analysis behind every retailer that was examined.



- No retailer scored higher than 80 out of 100 possible points
- The average score across all retailers was 51.7
- Apparel retailers scored the highest average at 57.6
- Health & beauty retailers scored the lowest with an average of 43.3

INTRODUCTION

Methodology

We started with a list of 138 retailers from the Internet Retailer Top 500 list, focusing on well-known brands from the following segments: Apparel (including Accessories & Jewelry, as well as Shoes), Big Box Specialty, Department Stores, Health & Beauty, Home Goods, and Sporting Goods. The list of the top 50 brands evaluated is in Appendix A.

Using a third-party tool, MailCharts, we then acquired every email each of these retailers sent to an “unknown” or generic user (not a member of any loyalty program, without registering any click-throughs or preferences) for approximately the period from March 2016 to March 2017. We then examined the content of each email sent during a selected month. We chose July 2016 as our baseline, due to its distance from major holiday shopping events, but on occasion had to use June or August as an alternative based on available data.

Each retailer was then given a score of 1-100 (100 being best) based on the following criteria:

- Frequency of emails sent (normalized as average number of emails sent per day)
- The breadth of product catalog exposed
- The percent of emails that featured multiple categories
- The presence of a shoppable menu at the top of the email
- Overall email length
- Consistency between subject line and the main content of the email
- Mobile email optimization
- Minimal use of promotions in the subject line

Rather than define some “optimal” number as the basis for judging each of these criteria, we developed a more nuanced approach. Because consumers don’t really distinguish between retail vertical when they’re looking at emails in their inbox, we took a consumer-focused approach. What is the average of values across the criteria, and how far from the average is each retailer’s practice?

The idea is, for example, if every retailer is sending on average two emails per day, a retailer who is sending more than two is likely annoying consumers, while a retailer who is sending less than two is having their message drowned out by the volume of other retailers. Whether two is the “right” number is irrelevant. If everyone else is sending two, your company is taking on a certain amount of risk by not conforming to the average. More detail on how this played out in our evaluation continues below.

SUMMARY OF RESULTS

This is our first attempt at objectively evaluating retail email strategies. As a result, we expected that retailers would generally not fare well, and indeed they did not. No retailer scored above the equivalent of a C+. Only nine scored in the 70-79 point range. Another 9 squeaked by with a 65 or higher to keep them in the D range. The vast majority – 120 – would receive failing letter grades.

And The Top Performers Are...

The following retailers took top honors (all scores are out of 100 possible points):

What caused these retailers to stand out? Overall, most high-scoring retailers kept their email frequency in check, averaging less than one email per day. The top five retailers above averaged 32.7 out of 33.3 possible points for email frequency, vs. an overall average score of 21.0. This was the strongest area out of the three major areas of evaluation (more on that below).

Most also made sure their emails contained a lot of categories to reduce the risk that the main content might not appeal to consumers. In the same vein, most of these top performers made sure to put a shoppable menu at the top of every email. They also generally made sure not to rely too heavily on promotional email subject lines.

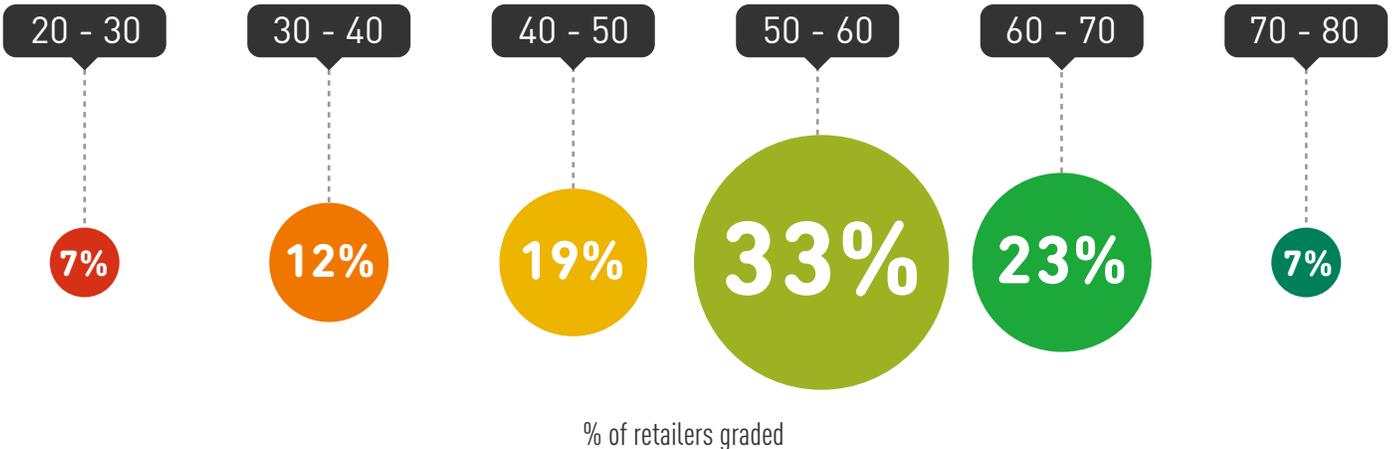
Read on for more details on the rest of the results.

TOP 5 WINNERS

Overall Score

Club Monaco	79.9
Crabtree & Evelyn	76.8
BCBG Max Azria	76.0
Hudson's Bay	75.1
Hanes	74.7

Summary of Email Engagement Scores



WINNERS BY CATEGORY

To arrive at these final scores, we took the criteria listed above and combined it into 3 primary categories. Some categories, like Email Frequency, have only one component, while others, like Catalog Exposure, contain many points-based sub-category facets. Each major category had equal weight in the evaluation.

1. Email Frequency

The average number of emails sent per day is a highly contentious number within retail, as retailers must balance the need to engage with their audience and drive sales against abusing their list and unintentionally driving valuable customers away. This evaluation of average emails sent per day is based on a comparison of any one retailer on our list against the average of all its peers on the list. This accounts for one-third of the overall score, and points are deducted based on how a retailer's frequency deviates from the norm. Too few emails? Points deducted. Too many? The same outcome.

The idea is simple: an apparel retailer isn't competing against just other apparel retailers for a consumer's attention within her inbox. They're competing against all retailers sending emails. Too many, and the retailer stands out as a spammer. Too few, however, and the retailer risks their message getting lost.

In the end, the balance of the hyper-aggressive and the meek brought us to an average of just slightly less than one email per day, 0.95 on average. The following retailers scored well here:

TOP 3 WINNERS

Email Frequency

Old Navy
32.8 / 33.3

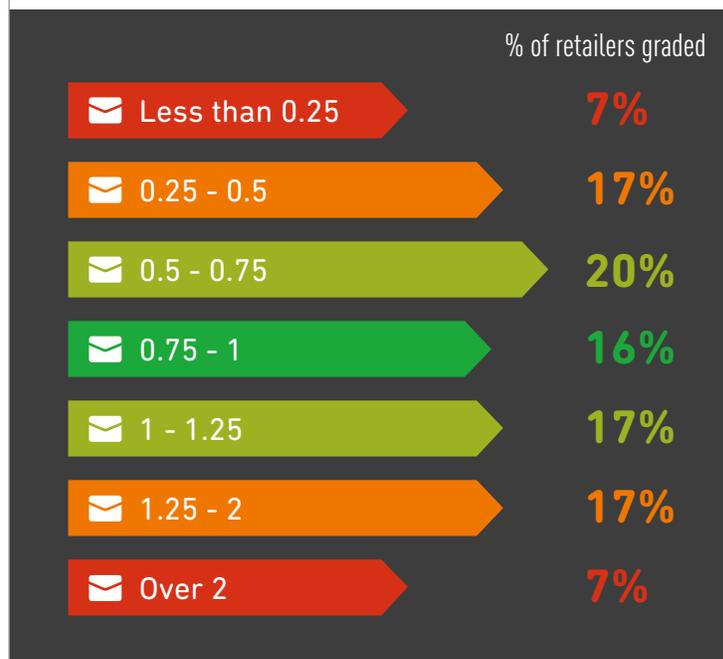
Dick's Sporting Goods
32.7 / 33.3

Hanes
32.7 / 33.3

All told, 27 retailers scored 30 or above, while 17 scored less than 10 points each. The average score for the category was 21.0. Of the 17 that scored so low, only two received low scores for not emailing enough – Beachbody (averaging just 29 emails per year) and True Value (averaging 47 emails per year). A consumer subscribing to the remaining 15 bottom scorers in this category would be signing up for 11,960 emails over the course of the year, or nearly 33 emails per day. By contrast, the top 15 scoring retailers send on average a total of 5,242 emails combined, or slightly more than 14 per day.

For email frequency, one email per day appears to be table stakes for communicating with consumers. And too many retailers appear to be relying too much on too many emails, rather than making sure the one per day they do send really counts.

Average Number of Emails Per Day



WINNERS BY CATEGORY

How do retailers make sure the email they send has the greatest impact? That's where the other two categories come into play.

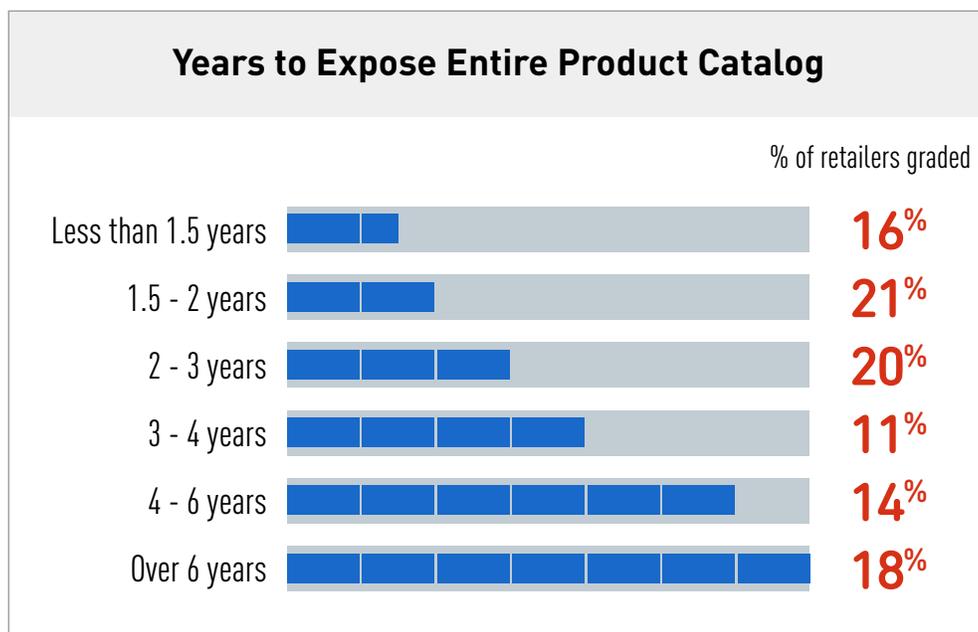
2. Catalog Exposure

For unknown subscribers, where a retailer has no interactivity or indicators of interest from subscribers, the ability to turn a subscriber into a shopper depends on a brand's ability to find a topic or category that interests the consumer. Every email needs to have a main point, but retailers can continue to engage shoppers if they miss the mark with the main campaign, by also featuring other categories within the email.

Retailers who feature only a small subset of categories across all of their emails risk never having the chance to figure out what attracts a consumer, because they never put the relevant categories in front of her to entice her to action. A retailer selling women's clothing who only features sweaters in email campaigns will never entice the consumer looking for jeans.

The Catalog Exposure category is made up of three sub-categories:

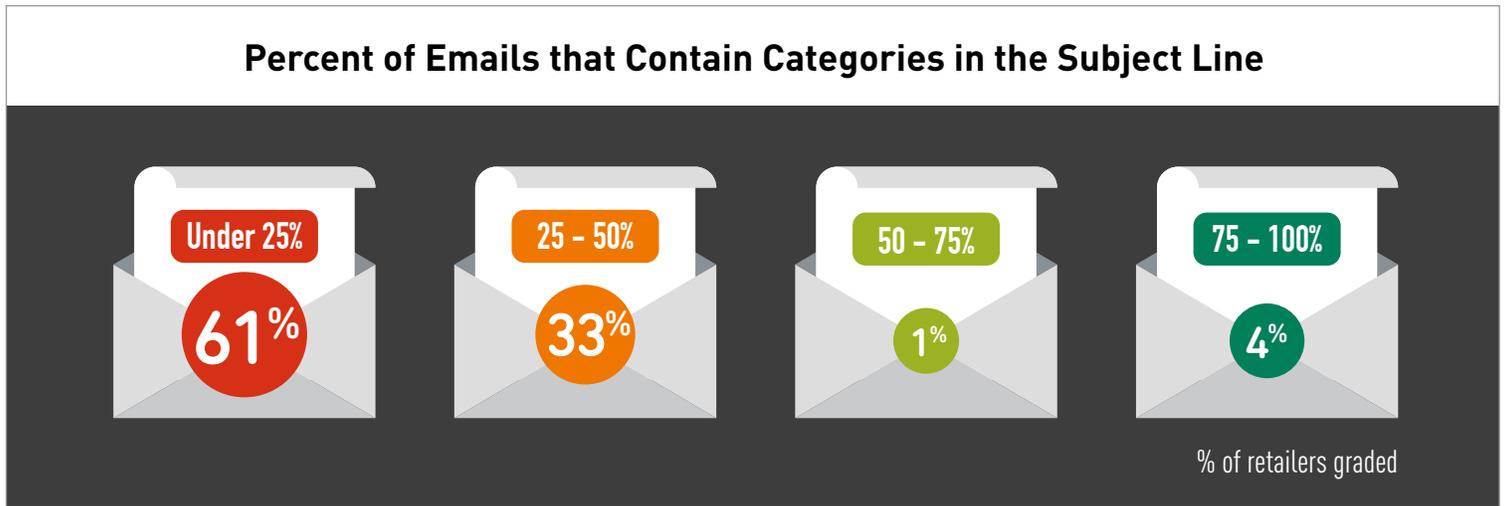
1: The Category Exposure Missed Opportunity measures how many years, given a retailer's current strategy of exposing new categories to unknown shoppers, it takes to rotate through all possible top-level categories on a retailer's site. In effect, this score measures whether retailers are being too repetitive in the categories they feature vs. working to expose as much of their categories as possible, keeping in mind that this is for an unknown, unresponsive email subscriber.



Twenty-five retailers in our evaluation maximized their catalog exposure in their emails. But 45 retailers were awarded no points for their catalog exposure strategies. At the rate these retailers made sure to expose new categories to consumers, it would take them five years or more to get through the entirety of their catalog. And, in fact, across all retailers evaluated, it takes the median of 2.6 years to ensure full catalog exposure to an unknown, unresponsive subscriber.

WINNERS BY CATEGORY

2: Percent of Emails With Categories: Exposing categories in emails is an important way to make sure email is relevant to shoppers, even if the main content of the email does not directly apply to them. Especially in situations of unknown shoppers, the more categories exposed, the more opportunity for finding the categories that appeal to them.



Part of the reason it takes so long to expose all of a catalog to unknown subscribers is because many retailers are not including categories in their emails. On average, the retailers in this evaluation include categories in 25% of their emails. And the vast majority of retailers evaluated include categories in less than 50% of their emails.

Eight retailers did the best for this category: Neiman Marcus, Hudson's Bay, Joss & Main, Men's Warehouse, Fry's Electronics, Jos. A. Bank, Costco, and Wayfair. Note that many of these retailers are either department stores or general merchandise retailers with very large catalogs, or they are category retailers that also have a large number of categories.

Only three retailers did poorly here – lululemon, Shoppers Drug Mart, and Beachbody. All three of these retailers use email campaigns that feature no categories at all in their subject lines. In Beachbody's case, with a very narrow assortment, it might be understandable. But for lululemon and Shoppers Drug Mart, this is clearly a missed opportunity to resonate with unknown subscribers.

WINNERS BY CATEGORY

3: Percent with Menu at the Top of Emails: Regularly offering access to categories within email campaigns is an easy way to attract the attention of a shopper - even in the case where the content of the email itself may not be relevant to them. For this evaluation, we looked at whether retailers provided a header to their email, much like the menu bar of their website, that features key, specific categories. Very broad or vague categories like "Sales" or "Men's" did not count.

When we began this evaluation, we anticipated that this would be an "all or nothing" score - that retailers would either consistently use menus in their email headers, or they would not. But we were mistaken. Fifty-one of our 138 retailers scored a perfect rating here, one of the brightest spots of the entire evaluation. On the other hand, 77 retailers did not put a menu in any of the emails we evaluated. Inexplicably, two retailers - Disney and Michael Kors - did use menus in their emails, but less than 10% of the time. And a remaining eight retailers had something less than 100% of emails with menus, but more than 25%.

3. Email Content

The last of the 4 sections making up our overall score pertain to the content of the emails sent. Within, we evaluated for length, subject lines that matched featured content, how much a retailer relied on discounts to promote email opens, as well as how well emails were optimized for mobile devices.

This was worth the remaining third of a retailer's final score, and the following retailers did best here:

It's important to note that to evaluate email length, as well as subject line match to the email content, we developed an evaluation methodology that involved a sample of retailers' emails. For each retailer, we evaluated 30 days' worth of emails, opting to focus on July as a month with minimal holiday impact - most of the promoting for Fourth of July is at an end, and back to school has not quite begun, to eliminate uneven evaluations where some retailers are highly promotional and communicating heavily vs. other retailers that are not in that kind of communication cycle. In the event that our evaluation tool did not have a good full sample for July, we picked another month that came closest to being holiday "neutral" as we could from the data set we had. Diving down a level, let's take a look at who did well and where.

We combined these three scoring criteria into an overall score for Category Exposure. Top performers within this component are:

TOP 3 WINNERS	
Catalog Exposure	
Hudson's Bay	A perfect 33.3 / 33.3
Joss & Main	A perfect 33.3 / 33.3
Neiman Marcus	30.0 / 33.3

TOP 3 WINNERS	
Email Content	
Fingerhut	31.6 / 33.3
Sport Chek	30.4 / 33.3
GNC	30.4 / 33.3

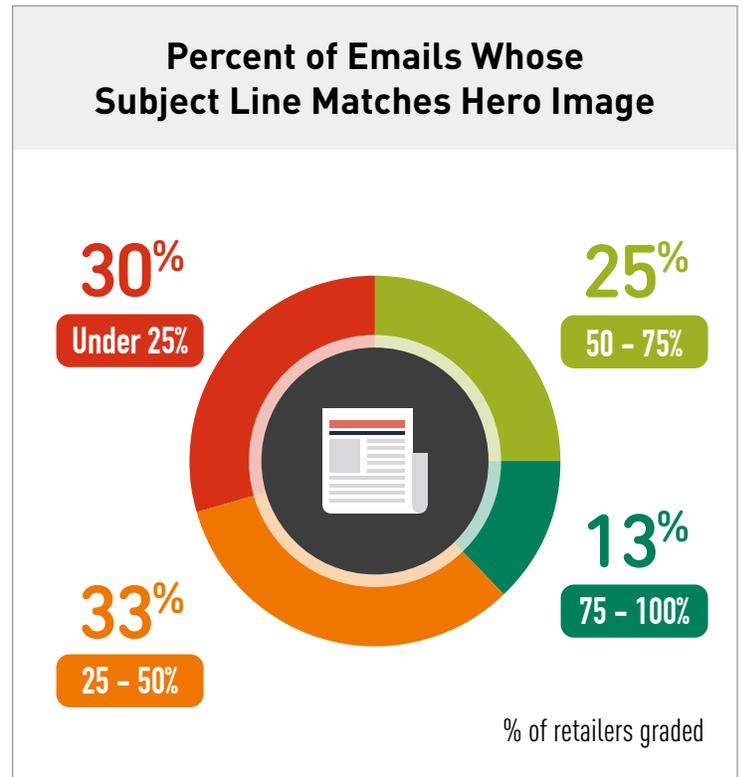
WINNERS BY CATEGORY

1: Email Length: In the past, email length has been a tricky topic, compounded by the complexities of managing different browsers or screen sizes. It's important for retailers to strike the right balance when it comes to length - too long, and consumers may never see the messages toward the bottom. Too short, and they may have missed an opportunity to better leverage email content to appeal to shoppers. At a fixed resolution and scroll length, we identified 2 full screen lengths to be optimal to cover the crux of email content.

104 of our 138 retailers consistently put out emails that were around 2 scrolls' worth of content. The remaining 34 retailers had emails that were longer.

2: Percent of Emails Whose Subject Line Matches Content: There are few things worse a retailer can do with an email than click-bait a consumer. While, thankfully, we did not find an abundance of that, what we found far more often was generic subject lines - a clear indicator that the email campaign was not a cohesive effort. "You'll Love This" or "This Week's Ad" in the subject line not only expose laziness, but their repeated use also provides no incentive for a recipient to open the email.

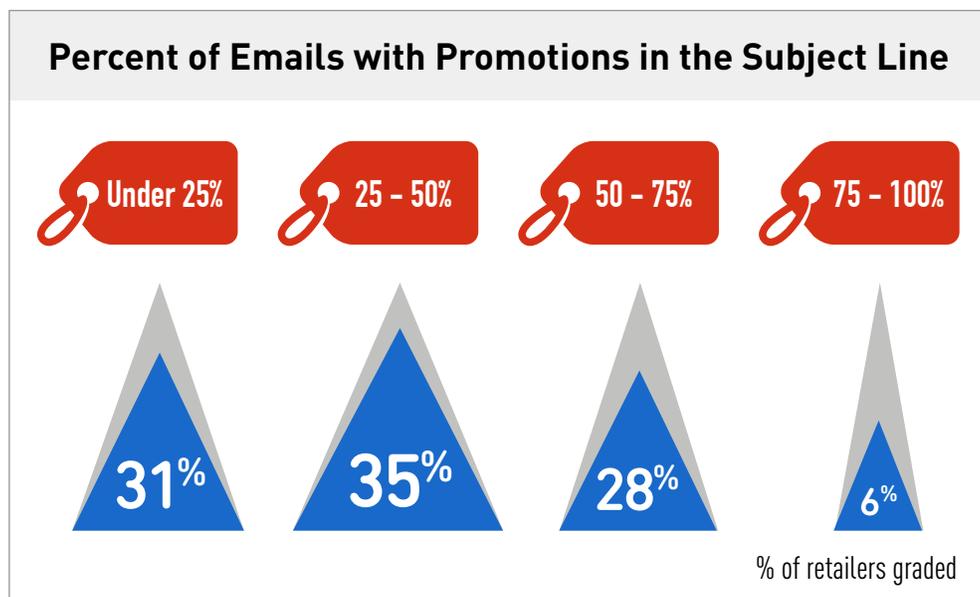
Only one retailer achieved a perfect score in this category: Fingerhut, where 100% of the company's emails that were sampled matched in both subject line and content. And only 17 other retailers put out subject lines that matched the email content at least 75% of the time. In probably one of the worst abuses of consumer trust, outside of egregious email frequencies, 41 retailers had less than 25% of their emails match for both subject line and content. Overall, on average 41.6% of emails evaluated had a match between subject line and main content. Remember that this is based off of sampling, rather than a review of 100% of emails sent in a year. But nonetheless, this result is very discouraging - and self-defeating for retailers! What is the point of enticing consumers to open your emails, when you then don't deliver on the promise of the subject line?



WINNERS BY CATEGORY

3: Percent of Emails with Promotions in the Subject Line: Discounts are one thing. When they are your only thing, that becomes a problem. Too many retailers have fallen into the downward spiral of training their customers to simply wait for prices to fall. As a result, we deducted points for deviations from the norm, here – allowing for some mention of discounts and promotions, but penalizing scores in the case of overuse.

Fortunately, retailers did better here. Ninety out of the 138 used an “average” amount of promotional language compared to the overall pool of retailers evaluated. On average, 38.6% of emails contained some kind of promotional language. Note that this was NOT a sample, but across the full range of emails sent.

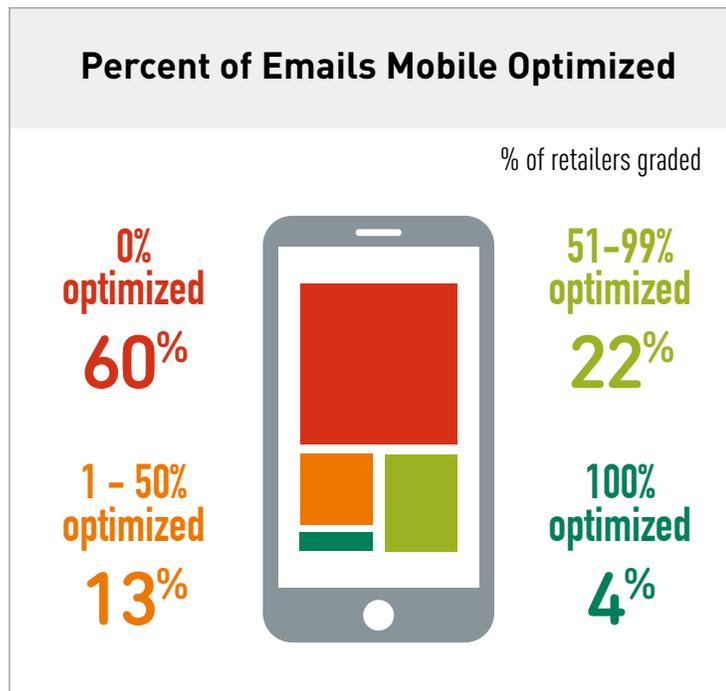


Of the remaining 48 retailers, eleven used absolutely no discount language in their email subject lines. Not surprisingly, the eleven contain a heavy dose of higher-end retailers, but there are a few surprises in there as well: Anthropologie, Beachbody, Belk, Bloomingdale’s, Bon-Ton, Boscov’s, Cabela’s, Dick’s Sporting Goods, Gucci, Lord & Taylor, lululemon, and Urban Outfitters.

This meant that 37 retailers relied very heavily on discount language – but twelve of those did so while also sending at least 75% of emails with no match between the subject line and the main email content. They were promising deals in their emails, and then not delivering.

WINNERS BY CATEGORY

4: Percent of Emails Optimized for Mobile: Considering how quickly consumer engagement has shifted to mobile devices, both for email consumption and for website traffic, we anticipated that we would not include much detail around mobile optimization in the evaluation. Our expectation was that retailers would again be “all or nothing” – every email optimized for mobile, or none of them. Oddly, this was not the case.



Amazingly, only six retailers – Sport Chek, GNC, Timberland, H&M, Zappos, and Beachbody send 100% of emails optimized for mobile. Across all 138 retailers, an average of 24.4% of emails were mobile optimized. And 83 retailers sent no mobile optimized emails.

All or nothing is easy to understand. But the retailers in the middle, who sent some emails mobile-optimized and some not – create some questions. Why some emails, but not others? Why go to the trouble of creating mobile-optimized emails some of the time, but not as a consistent practice? Retailers at the extremes, like Joe Fresh, where 6.9% of emails were optimized for mobile, or IKEA, where 98.8% of emails were mobile optimized – did someone just forget a setting for one campaign?

When it came to our evaluation, clearly there is a lot of variability out there in whether emails get optimized for mobile. And even though consumer behavior would suggest that mobile-optimized email should be a base expectation for any retailer’s strategy, clearly retailers are not there yet. Which means it is still an important part of evaluating email effectiveness – and retailers have a lot of work to do still.

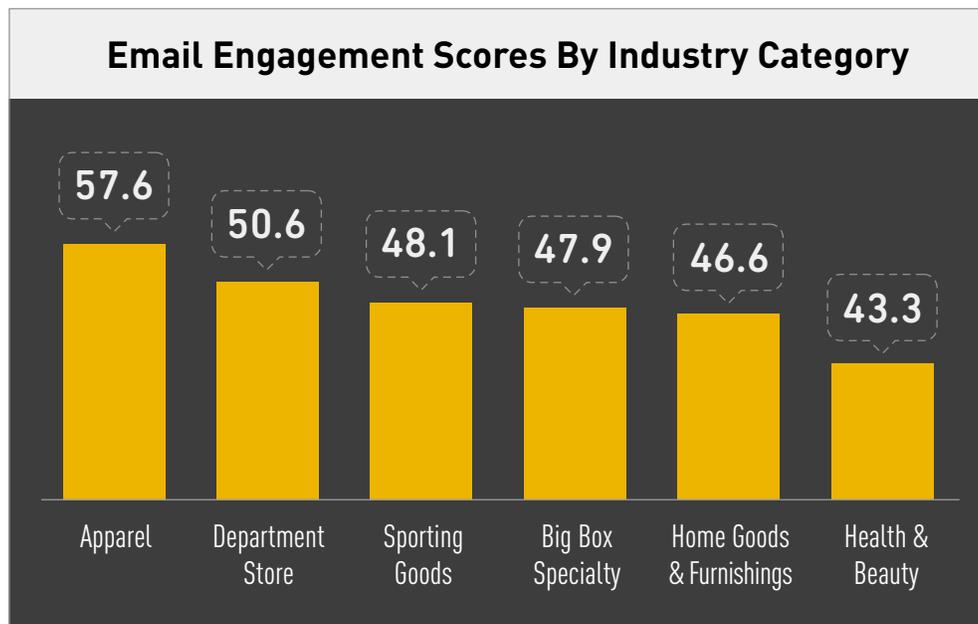
WINNERS BY INDUSTRY CATEGORY

Apparel Brands Top the Charts

Across all the verticals evaluated, Apparel represented the largest number of retailers (54 of 138) and had the highest average score of 57.6. While Catalog Exposure ranked similarly to that of the Department Store vertical, Apparel retailers excelled in Email Frequency (23.5 of 33.3) and Email Content (16.2 of 33.3 – tied with Big Box Specialty retailers). Despite coming out on top, these scores reveal that there is still work to be done in this vertical when it comes to optimizing the email channel.

Pure-Play Etailers vs. Multichannel Retailers

When looking at pure-play etailers' email programs versus those retailers with online and physical storefronts, we learned that etailers are promoting either too much or too little, with a median score for emails with or without discount and promotional language at 48% vs 41% for multichannel retailers. These digitally native brands need to fiercely protect their email list since they can't rely on foot traffic to drive sales. And since they don't have stores to use as showrooms, they need to use email to help expose more of their product catalog. At the rate they are going, it would take 3.51 years to expose their full catalog to a single shopper versus 2.53 years for multichannel retailers.



KEEPING IT REAL

In an age of declining TV viewership, fragmentation of audience, the demise of print, and many other attacks against traditional advertising, email has become one of retailers' most reliable, and relied upon, tools for communicating with customers. However, it is far too easy to be complacent about what email is delivering for your company.

No matter the individual grade, retailers would do well to consider several important factors in their email campaign strategies.

Not Too Many, Not Too Few

Most retailers seem to be aware that too many emails is a bad thing – that spamming consumers' inboxes creates subscriber churn that can cause a retailer to burn through their list, and thus reduce future opportunities to communicate. However, it was interesting in this evaluation to discover that some retailers may be under-utilizing their email lists.

Obviously, you should not be trying to engage with a consumer if you have nothing of value to say. But retailers should consider their emails as a percent of consumers' total inbox. Your message may well be crowded out by others. The response should be to possibly increase the frequency (but only if you can maintain relevancy), but more importantly, invest even more in ensuring that your emails stand out and are the ones consumers most look forward to. If you only get one email per day to entice a subscriber, you should be making sure that everything you put in that email is directly relevant to that specific subscriber.

If At First You Don't Succeed...

Retailers' strategies around catalog were the most revealing in this evaluation. You don't want an email that looks like the side of a NASCAR race car, and you also want to ensure you send the most relevant email that you can to each consumer.

But when you're first "getting to know" a subscriber, how do you get the information flow going, if a consumer never clicks through on the emails you send? Many retailers in this evaluation focused only on a few categories, and would repeat those categories with high frequency across campaigns. But if the consumer didn't respond to it the first time she saw it, why would she respond to it the fifth time? Or the tenth?

Especially when first trying to engage with subscribers, it's critical to ensure you fully represent what your company sells. You can't do it all at once, so it makes sense to take a methodical approach over time. Without such an approach, you risk losing a subscriber who never had a chance to get engaged beyond the first subscription sign-up.

How They Want To Consume It

Finally, retailers need to be highly cognizant of how consumers want to consume email. Just as web browsing increasingly has shifted to mobile, so has email opens. We expected that we would not include mobile optimization as part of our evaluation, because retailers would either have it or they would not. Surprisingly, many had a range across emails. This is a silly issue to have – consumers view email on mobile. Your emails should be mobile-optimized, and there is no good reason why they should not.

And retailers need to invest more into thinking about email subject lines. While it's understandable that a retailer sending on average three emails per day (or more!) may have a hard time maintaining creativity over time, it's still no excuse for bait-and-switch subject lines that promise something in the email that does not deliver. And it's nearly just as bad to offer a generic subject line ("You'll love this!"). Don't let quantity get in the way of quality here, because breaking trust with consumers – promising something you don't deliver – is simply the first step on a road toward alienating consumers.

These days, no retailer can afford to do that.

Looking Ahead

It's worth reiterating that this evaluation was done using emails sent to generic (untargeted) accounts. Personalization is the future and RSR has conducted several benchmarks across digital selling, pricing, and marketing that all point to retailers' interest and investment in personalization capabilities. Due to the nature of personalization itself, however, it's impossible to objectively evaluate retailers' strategies there.

While retailers first need to maximize the opportunity for the untargeted emails leveraging the core themes in the report – frequency, catalog exposure and content, they must also have a personalization strategy in place that goes beyond using a shopper's first name, "you may also like" product recommendations and segmentation. These "personalization" strategies simply reinforce what they have previously expressed interest in, potentially keeping customers shopping the same types of products over and over. Not only does this keep them from shopping exploring new parts of your catalog, it can lead to brand fatigue.

Based on the results of this evaluation, we have to end with a note of caution. Personalization is important – and valuable. But it is not a silver bullet to repair an existing email strategy of "spray and pray." Retailers should expect to get the fundamentals right in order to be positioned to take advantage of advanced personalization capabilities that are rapidly becoming the base expectations of today's retail brands.

APPENDIX A: TOP 50 RANKING

Retailer	Score	Retailer	Score
Club Monaco	79.9	Madewell	62.5
Crabtree & Evelyn Ltd	76.8	JCPenney	62.4
BCBG Max Azria	76.0	Lands' End	62.3
Hudson's Bay	75.1	Mark's Work Wearhouse	62.1
Hanesbrands Inc.	74.7	Costco	62.1
Lowe's Canada	71.4	Raymour & Flanigan	62.0
Charming Charlie	71.3	Neiman Marcus	61.9
J. Crew	71.0	Abercrombie & Fitch	61.6
Bebe Studios	70.8	Joss & Main	61.4
Duluth Trading Co	69.7	Fingerhut	61.3
Menards	69.1	Joe Fresh	61.1
Maurices	68.4	Hollister	61.0
Cost Plus World Market	68.1	Athleta	60.4
Talbots	66.5	Forever 21	60.3
Reitmans	65.9	Modell's Sporting Goods	60.2
Under Armour	65.8	Roots	59.9
Gap	65.5	Dress Barn	59.1
Old Navy	65.3	Men's Wearhouse	58.1
Oriental Trading Company	64.6	Chico's	58.0
Ralph Lauren	64.2	LL Bean	58.0
Michael Kors	63.8	Michaels Stores	57.8
J. Jill	63.4	Wayfair	57.6
Office Depot	63.4	Staples	57.5
Lane Bryant	63.1	Gucci	57.4
Aldo Shoes	62.7	Express	57.4
Ann Taylor	62.7	Lowe's	57.4

APPENDIX B: BY INDUSTRY CATEGORY

Apparel

Club Monaco	79.9
BCBG Max Azria	76.0
Hanesbrands Inc.	74.7

Big Box Specialty

Lowe's Canada	71.4
Menards	69.1
Cost Plus World Market	68.1

Department Stores

Hudson's Bay	75.1
JCPenney	62.4
Neiman Marcus	61.9

Health & Beauty

Crabtree & Evelyn Ltd	76.8
Bath & Body Works	51.9
GNC	48.9

Home Goods/Furnishings

Oriental Trading Company	64.6
Raymour & Flanigan	62.0
Joss & Main	61.4

Sporting Goods

Under Armour	65.8
Athleta	60.4
Modell's Sporting Goods	60.2

APPENDIX C: ABOUT THE SPONSOR & RSR RESEARCH

Coherent Path is the email marketing calendar company for top retailers seeking to transform their email program into a modern data-driven channel focused on revenue. The company's machine learning solution empowers retailers with the relevant themes and categories they should feature in today's campaigns while continuously learning to inform the campaigns of tomorrow. By creating an optimized email diet that caters to each customer's evolving tastes and moods, Coherent Path helps retailers quickly engage and cross-sell customers and promote strategic product categories while reducing email fatigue.

For more information, visit www.coherentpath.com

coherent
path

Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;
- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;
- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.

