Marketer email
tracker 2019

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Introduction

Welcome to the DMA Marketer Email Tracker 2019. It's the first time we've recorded the thoughts of marketing professionals about their use of email – and the effectiveness of the channel – since the implementation of the new GDPR regulations in May 2018.

This report offers a positive view of the email marketing landscape since that date. For marketers, email remains the core of effective multichannel campaigns. It's also a favoured channel of consumers, too, as reflected in our recent 'Consumer email tracker 2019' report.

The good news for proponents of email marketing is that ROI is increasing; marketers are predicting an increase in investment in the channel; they're also bullish about their ability to measure its effectiveness and their overall competence in the discipline of email marketing.

Importantly, they tell us they are also testing more campaigns – a crucial strategy in the quest to boost effectiveness. Almost all of the measures outlined above have shown an upward trend in performance since the 2017 tracker. Marketers can also point to a downturn in opt-out rates and spam complaints, a testament to their efforts to improve data and comply with the GDPR. Their hard work is already bearing fruit.

There's always room for improvement. There seems to be a gap in features of email marketing that marketers believe are cutting-edge, but to which consumers are indifferent. Content, for instance, is not getting the cut-through it seeks. Meanwhile, limited resource and budget, and a lack of confidence at mid and junior levels are causing consternation.

Overall, however, the results are very encouraging and this current success begs the question: are we now entering the golden age of email marketing?

Rachel Aldighieri
MD at the DMA

Foreword - dotdigital

dotdigital is delighted to be sponsoring the DMA Marketer tracker again – and for the first time following our rebrand from 'dotmailer' to 'dotdigital'. The opinion of every marketer who contributed to this study will provide food for thought, particularly in assessing the impact of the GDPR.

The DMA's meticulous research continues to empower the digital marketing community as a whole. On a personal note, it pleases me to see that marketers credit email as the cornerstone of their marketing strategy – powerful on its own, but even more potent when used in conjunction with other channels like social media and mobile.

What struck me most in this report is that email ROI has shot up from £32 to £42 – email's return on investment is undeniable. As such, marketers are measuring ROI more than ever before; many are able to access the tools they need to quantify the impact of email. Moreover, marketers may have benefited from better quality email addresses in their arsenal, post GDPR.

While limited budget and resources continue to worry, it's nice to see that marketers are growing confident in their ability to dominate on email. Adopting more advanced tactics, they are unlocking sales, generating customer engagement, and maximising brand loyalty.

While confidence has boosted overall, it's disappointing to see that marketers who feel they have basic or no knowledge at all has increased by 15%. Common business challenges could be to blame, such as no access to proper training, limited resources, and disparate or insufficient data. The only way to mitigate the effects will be to invest more in upskilling marketers with additional email tactics.

Consumers, like marketers, also favour email. They use it more than any other channel to engage with brands. But this doesn't mean that companies are scaling down other channels. In 2018, businesses integrated email with the activities of seven other channels. We view this as a big step forward towards better omnichannel marketing experiences.

It is interesting to see that the lifetime value of an email address continues to increase – 33% year on year – in line with a strong return on investment. Both B2B and B2C brands value email as a reliable and profitable engagement tactic, despite any concerns they may have had over the GDPR.

25 May 2018 was a date that loomed forever in marketers' minds. However, ten months after the GDPR came into effect, it's fair to say that its impact hasn't been as adverse as expected. In fact, 56% of marketers feel positive about the effects of the legislation. Just 20% feel negative about the new regulation – skewed slightly towards B2Cs, perhaps due to the upheaval of handling changes to their larger databases.

This study also revealed similar findings to our very own benchmark report from last year, Hitting the Mark. We discovered that 66% of brands are not practicing any email segmentation, while the DMA has found that only 43% of campaigns are segmented. While this clear correlation in our research is reassuring, it's discouraging to see that brands are not using their data to segment effectively. Additionally, research found that a quarter of campaigns are neither segmented nor automated. Consumers today carry the expectation of a personalized experience. So, we hope that by 2020 there will be a higher adoption rate of these customer engagement tactics – the tools and the data are there for the taking.

Phil Draper
Chief Marketing Officer at dotdigital

Foreword – DMA Email council

Email continues to be the pre-eminent channel for marketing communications.

This stands up, regardless of the metric you choose to measure it by reach, penetration, cost, ROI, agility, etc – the list is long and impressive.

What's more, email's lead over rival channels may well have increased with this year's tracker, indicating both lifetime value and return on investment have increased. While the phrase, "10 years ago they said email was dead" is in danger of morphing from triumphant sloganeering to cliché, it is nevertheless true that email is in robust health. This is an astonishing achievement given the digital landscape now compared to a decade ago.

As usual, there are alarm bells which demand attention. Email may be the most effective channel, but marketers profess more ignorance than ever; coalescing around those who are knowledge heavy with those who are knowledge light.

Email's handmaiden is technology, and it has to function inside a bewildering landscape of CRM and CMS systems, data silos, ESP and BI platforms, never mind integrating with all of the other channels — and that's before we've even got onto the subject of GDPR. To borrow a Rumsfeldian terminology, perhaps this is the marketer confessing their known unknowns?

Finally, a word on GDPR. Before its implementation, something not unlike panic had set in among many. Was legitimate interest or informed consent the best strategy – or both? Would marketing lists be decimated or would a new era of opted-in consumers show those lists to be largely chaff in the first place?

Less than a year into the new regime, marketers appear to have transitioned from wary to hopeful. There is increased optimism around the benefits of better targeting and relevancy while the accompanying reduction in spam and unsubscribe rates is both noted and welcomed. Perhaps this will change when the ICO make their first big prosecution under the new legislation, but the disaster it was sometimes pitched as a precursor to looks to have been wildly exaggerated.

This time next year of course, the overwhelming subject on marketer's minds should be Brexit. Given the chaos and indecision around its implementation however, the only thing one can say with any confidence — Brexit or no Brexit – is that email will still be the marketing channel of choice.

Probably…

Marcus Gearey
Chair of the DMA Email council's research hub &
Analytics manager, Zeta Global

Executive summary

Email remains the key strategic channel according to marketers (91% rated important), followed by social media (83%).

Main challenges include budget and internal resource (42%) and data related-challenges (38%).

The majority of marketers (56%) feel positive about the impact the GDPR is having on their operations, with just a fifth feeling negative about the new regulations.

The primary objectives of email campaigns are sales (62%), engagement (50%), brand awareness (47%) and building loyalty (45%).

Marketers are more confident in their abilities than in the 2018 email tracker: those professing good or advanced ability has risen from 30% to 40% since the previous survey.

However, the proportion feeling they have basic or no knowledge has climbed from 9% to 24% since 2015.

Almost two thirds (62%) say they are measuring ROI — the highest-ever result for this question. B2C marketers are particularly confident, with almost three quarters (71%) able to make the calculation.

ROI from email marketing now stands at just over £42 for every pound spent; a rise of almost £10 since the previous study.

Lifetime value (LTV) of each individual email address has also risen sharply by 33% year-on-year. Moreover, LTV is perceived higher in B2C (£41) than B2B (£35).

Only 55% of marketers think more than half of all the emails leaving their organisation are relevant to the individual recipient.

59% of marketers immediately action unsubscribes and no further emails are sent to the individual. However, 23% of consumers claim opting out makes no difference as they still get messages.

76% report an increase in open rates in the past 12 months; 75% say click-throughs are higher; 51% say ROI has risen. Opt-out rates have decreased according to 41%, and 55% say spam complaints are also down — further evidence of the GDPR effect.

Respondents expect the proportion of marketing budgets spent on email to climb to almost 17%, compared to 11% the last time they were asked. But 57% also say email marketing costs will increase.

Marketing landscape

Marketing preferences

When asked about the strategic importance of a number of marketing channels, email remains the key channel (91% rated important), followed by social media (83%). Phone was named as the third-most important channel (79%), perhaps surprisingly, with face-to-face (77%) and online (72%) also faring well. The results mirror other recent DMA surveys, such as the 'Customer Engagement 2019: Marketers' view'.

Only half of marketers suggest direct mail/post is strategically important. This is also surprising, as the DMA's research into Customer Engagement has shown that post is a trusted medium among both consumers and marketers — but its use doesn't strongly reflect that sentiment.

Strategically speaking, how important are the following marketing channels for your organisation?
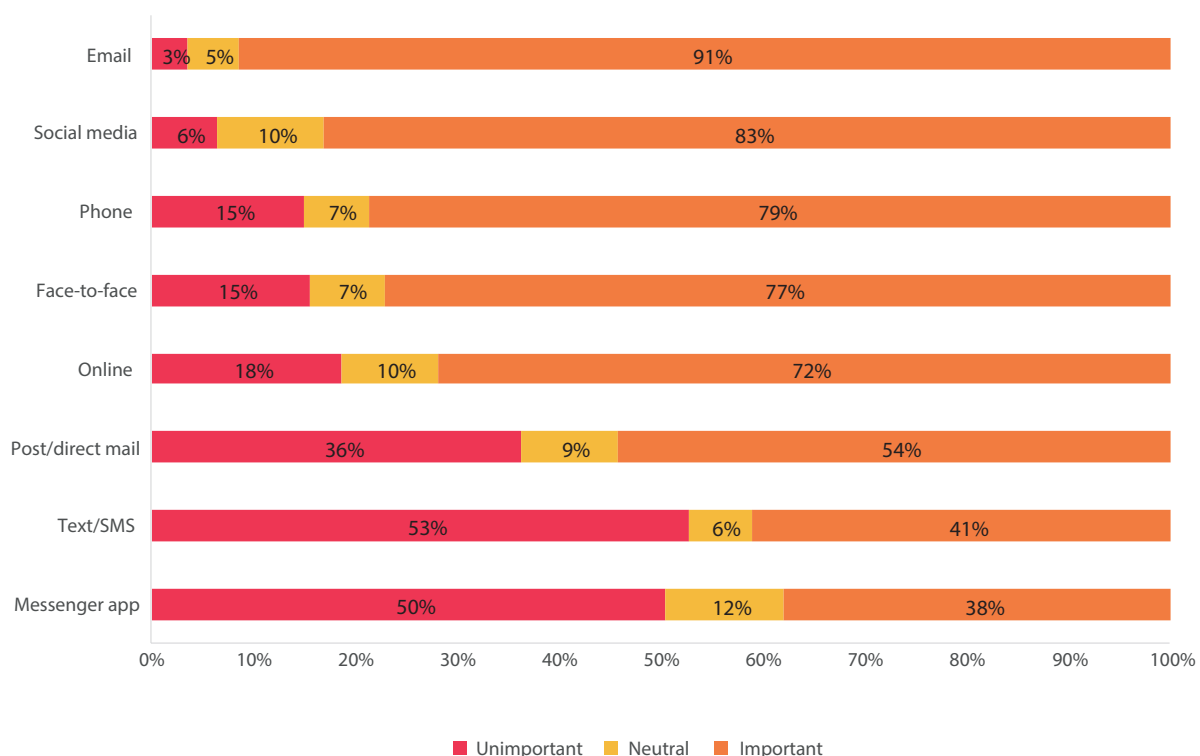
In terms of consumers' views, from the 'Consumer email tracker 2019', they also prefer email as a marketing channel ahead of any other (59%). More than one in 10 are willing to engage via the traditional methods of face-to-face (12%), phone (11%) and post/direct mail (11%).

Strikingly, several channels appear to be overvalued by marketers. In particular, phone (11%) and social media (8%) are eschewed by most consumers. There is a smaller gap, however, for SMS/text messaging (20%), suggesting consumers are more willing to receive communications this way – presumably service messages and reminders.

The research also shows that, on average, in 2018 businesses integrated email with the activities of 7 other channels — a slightly higher trend for B2C businesses and large enterprises.

Website and organic social media (both 57%) are named as the main choices by marketers integrating email into other channels, followed by paid social and CRM technology (both 54%).

There is still a relative lack of integration with other technologies such as segmentation platforms (14%), messenger apps (16%) and online chat (21%). Most email marketers use in-house solutions to manage their programmes (61%), though more than a third (39%) outsource.
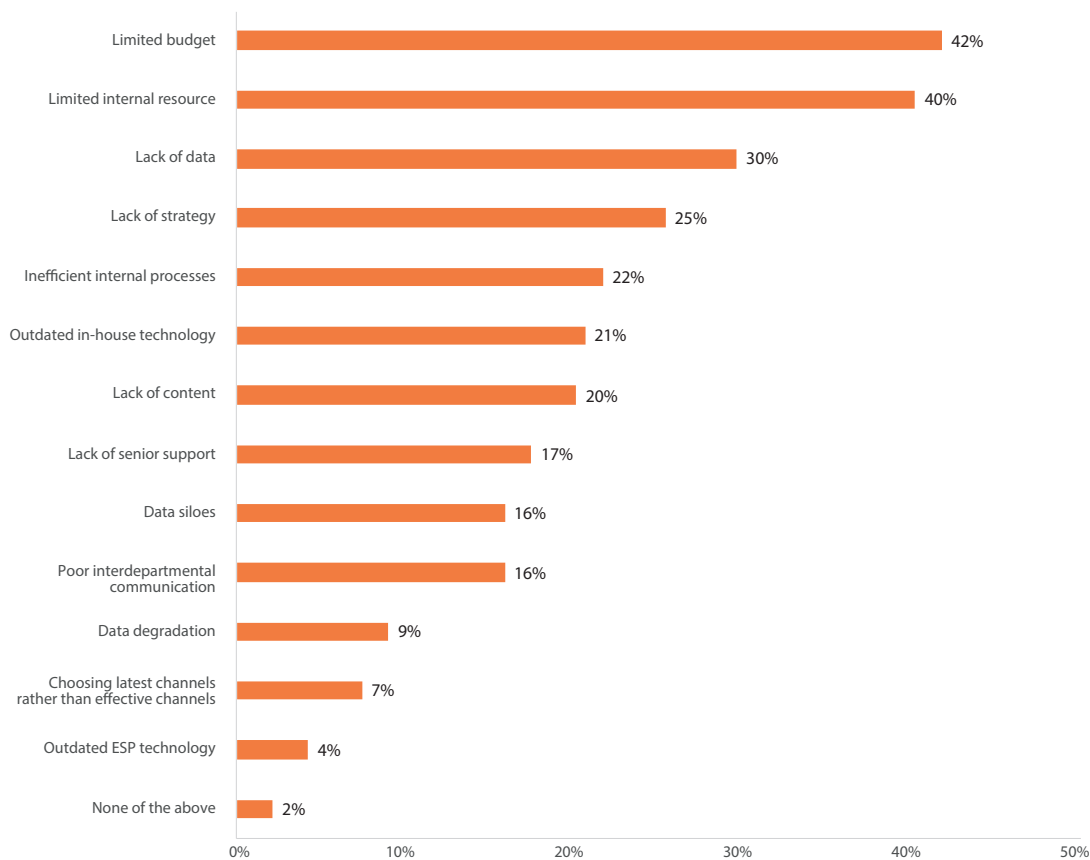
Objectives & challenges

Broadly in line with previous years, the primary objectives of email campaigns are sales (62%), engagement (50%), brand awareness (47%) and building loyalty (45%). Customer service was named by just a quarter.

There were some clear differences by organisation type, with 60% of B2C organisations using email to engage customers, compared to 38% in B2B. The reverse was true for building brand awareness, which scored 56% in B2B but 29% in B2C.

Looking at the challenges to successfully executing email marketing programmes, marketers remain consistent with previous surveys. Aspects of budget and resource were the main issue (42%), alongside several data-related challenges such as lack of data, data silos and data degradation — which added up to 38%. A lack of strategy or leadership at their organisation was a problem for a quarter, with a similar level of response for technology (24%).

**What are the most significant challenges to successfully executing your email marketing programmes? (Select all)**

Challenge	%
Limited budget	42%
Limited internal resource	40%
Lack of data	30%
Lack of strategy	25%
Inefficient internal processes	22%
Outdated in-house technology	21%
Lack of content	20%
Lack of senior support	17%
Data siloes	16%
Poor interdepartmental communication	16%
Data degradation	9%
Choosing latest channels rather than effective channels	7%
Outdated ESP technology	4%
None of the above	2%

Overall, the data prove how strong the position of email is as the core channel around which other marketing activity can be built.

The GDPR effect

The majority of marketers (56%) feel positive about the impact the GDPR is having on their operations, with just a fifth negative about the new regulations. There is a touch more negativity in B2C organisations (27%) than B2B firms (21%);this may be due to the former handling changes to bigger databases.

The GDPR came into force in May 2018. What impact have these new laws had on your current email marketing programme?

20%	24%	56%

0%   20%   40%   60%   80%   100%

■ Unimportant   ■ Neutral   ■ Important
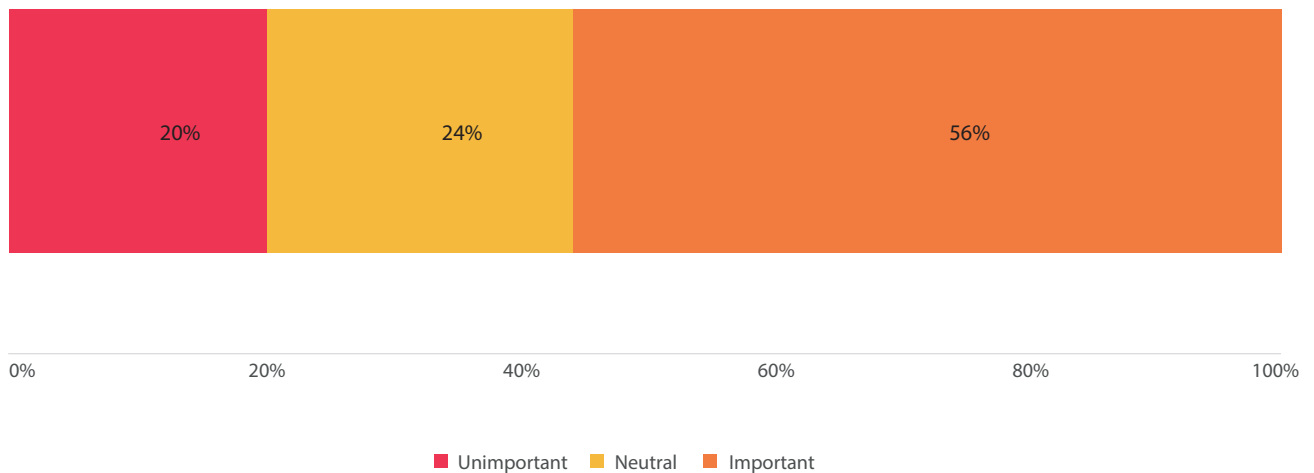
Similarly, larger organisations of all types display less positive sentiment than their smaller counterparts. Just 39% of very large enterprises (more than 1000 employees) are positive about the GDPR compared to 59% of SMEs (101-250 employees) and 56% of firms with a smaller workforce (less than 100 people) A possible explanation for this variation of sentiments towards the new privacy laws might be due to differences in the amount of data to manage. Indeed, smaller organisations may have found it easier to be agile to the changes and have already started to see the benefits. Bigger businesses, on the other hand, have more wide-ranging factors, such as bigger teams, more databases and sheer scale to consider. In many cases, they are still on their journey to full compliance, as we found in the 'Data privacy – An industry perspective' report.

Marketers also said that email deliverability has generally improved in light of the new regulations. Over half (55%) feel positive about the GDPR's effect in this area, compared to 19% negative sentiment.

In terms of legal bases being used for email marketing, the largest proportion of organisations (46%) are using both consent and legitimate interests (LI). A third use only consent and 21% use LI. B2C firms admit a greater reliance on consent as a single legal ground: 36%, compared to 29% of B2B organisations. It's a similar situation with LI, with 27% in B2C relying solely on this defence compared to 15% in B2B. Very large organisations tend to opt for consent (46%) whereas the group of smallest organisations are the most likely to choose a blend of consent and LI (61%).

Delving deeper into marketers' attitudes, they feel they can now make their email campaigns more targeted and relevant thanks to the need for better data under the GDPR — leading to improved open rates. From the negative point of view, however, some have seen drastic reductions in the size of their email database.

Despite the generally positive attitude revealed by the research, organisations must remain aware that compliance is a continual process. Despite initial changes made, it will be important to keep an eye on adjudications under the GDPR, from the ICO and other EU regulators, which will make aspects of the new regulation clearer. In all cases, organisations need to be sure that use of LI is a legal basis, which can be determined by a Legitimate Interest Assessment (see the DMA's 'GDPR for marketers: The essentials' guidance).

Practices & understanding

How do marketers rate their own email expertise? This year, there was an improvement in the level of confidence respondents displayed. Those professing good or advanced ability have risen from 30% to 40% since the previous survey, while levels of intermediate and basic knowledge have fallen.

How would you rate your organisation's overall level of competence in email marketing?
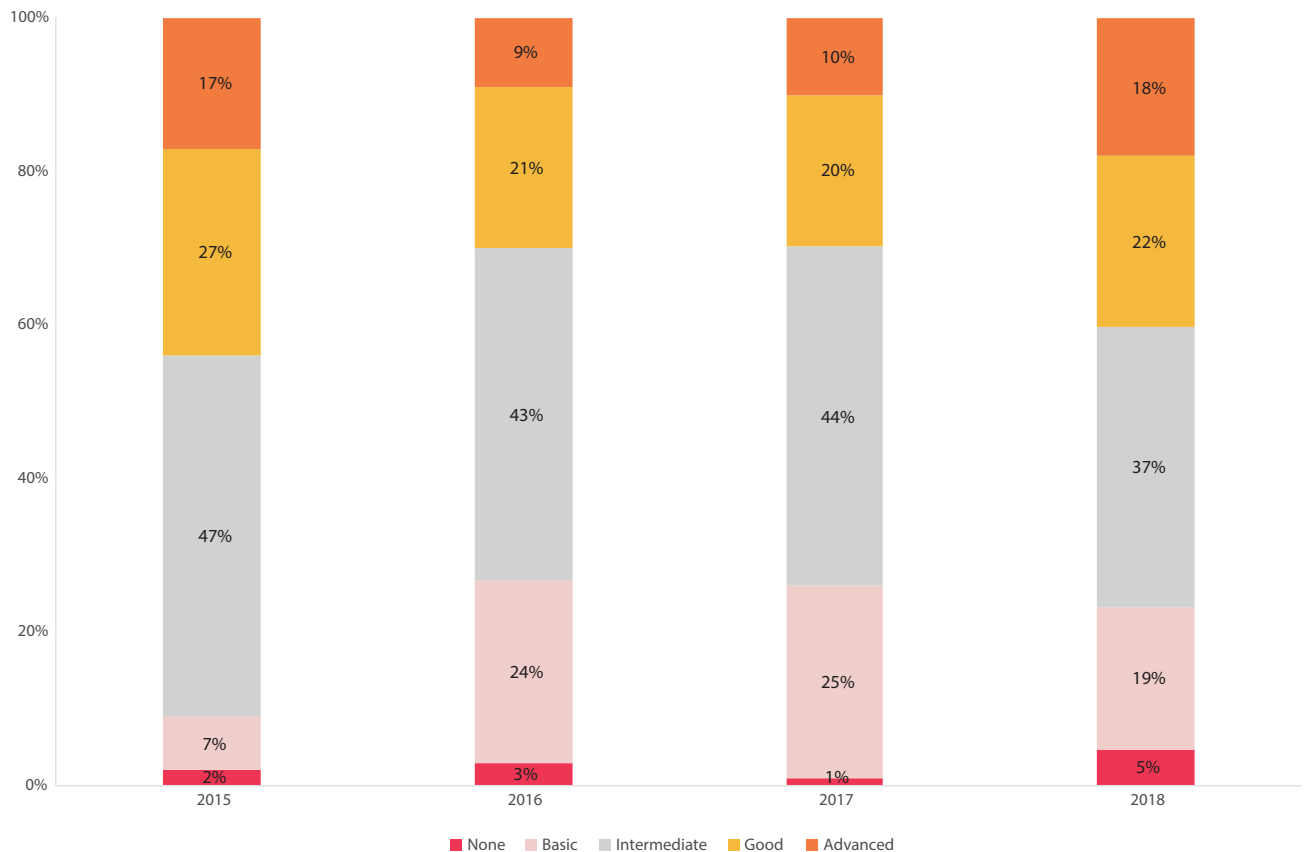
Nevertheless, the proportion feeling they have basic or no knowledge has climbed from 9% to nearly 24% since 2015, suggesting plenty aren't prepared to rest on their laurels. Perceived complexity of the email environment may be leading some people to rate themselves less adept with aspects of marketing technology, such as automation through AI and machine learning. It's quite hard to maintain a feeling of advanced competence amid constant evolution.

Meanwhile, senior respondents are more confident in their competence, with 52% rating their businesses' ability advanced or good. This compares to 42% of juniors and 35% of mid-level respondents. Possibly, those at a senior level feel confident because of their involvement in, and awareness of, the latest strategic trends and technologies. Mid-level respondents are the most likely to have a wide range of implementation responsibilities, and this relative lack of day-to-day focus on email marketing is reflected in their confidence levels.

Automation and segmentation

A new question this year about automation and segmentation reveals that almost a quarter of campaigns are not segmented or automated. Small companies (less than 100 employees) are the least likely to automate campaigns (26%) and most likely to do neither (31%).

In an era when consumers are expecting better targeting, and even personalisation, these figures highlight a gap in the armoury of marketing teams, where adopting new systems could easily make email marketing more effective. Organisations are more likely to segment (43%) than automate (33%).

What percentage of your email campaigns are automated/segmented/neither?
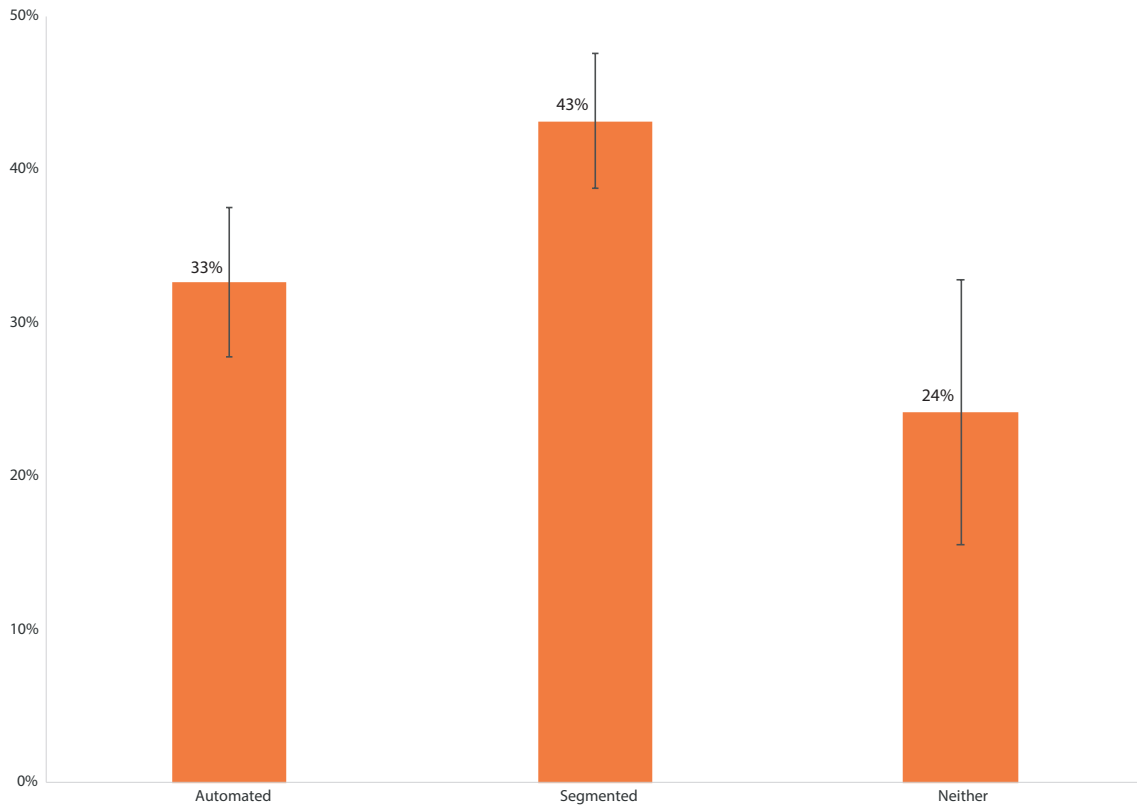
Email Testing

When it comes to email testing, there is a pronounced increase in marketers' belief in their own abilities. In our previous study, 34% rated themselves advanced or intermediate; the latest research sees that combined figure increase to almost half (48%). In fact, confidence has grown steadily from 2015 when the same combined level of response was 31%.

How would you rate your organisation's overall level of competence in email testing?
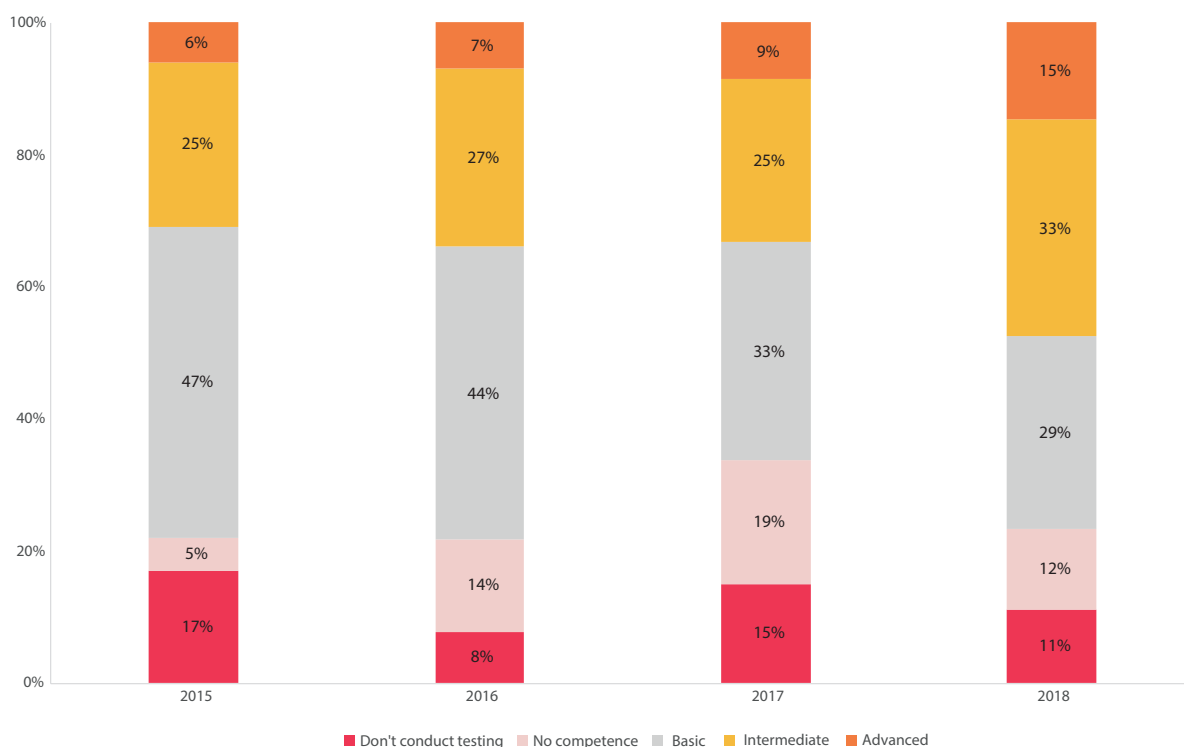
Furthermore, senior respondents feel most confident about testing, with 51% answering advanced or intermediate compared to 45% of mid-level and 38% of junior respondents. The latter were also most likely to rate their testing ability as basic. Additionally, 26% of this junior group say they have no competence or their organisation doesn't carry out email testing.

Finally, large and medium-sized businesses show a greater amount of confidence, with respondents claiming advanced and intermediate ability outweighing those with basic or no competence. This could be the GDPR effect at play, as organisations must pay more attention to their communications and make sure campaigns are optimised so they are compliant, relevant and useful for the recipient.

In terms of frequency, there is a trend towards fewer marketers not testing at all, or testing less than a quarter of their campaigns, than in previous years. However, the proportion testing more than three quarters has dropped from 19% to 11% during the last 12 months, meaning the most likely outcome is that organisations test somewhere between a quarter and three-quarters of campaigns. B2C organisations are testing more regularly than B2B.

Testing is a vital part of email marketing. It can inform simple tweaks such as subject line and call to action amends to generate better open rates and response. In that sense, it's encouraging to know marketers generally feel more confident about their testing abilities, as is the trend towards more frequent testing.

How often does your organisation conduct email testing? (Select one)

	Under a quarter	A quarter to half	Half to three-quarters	Over three-quarters
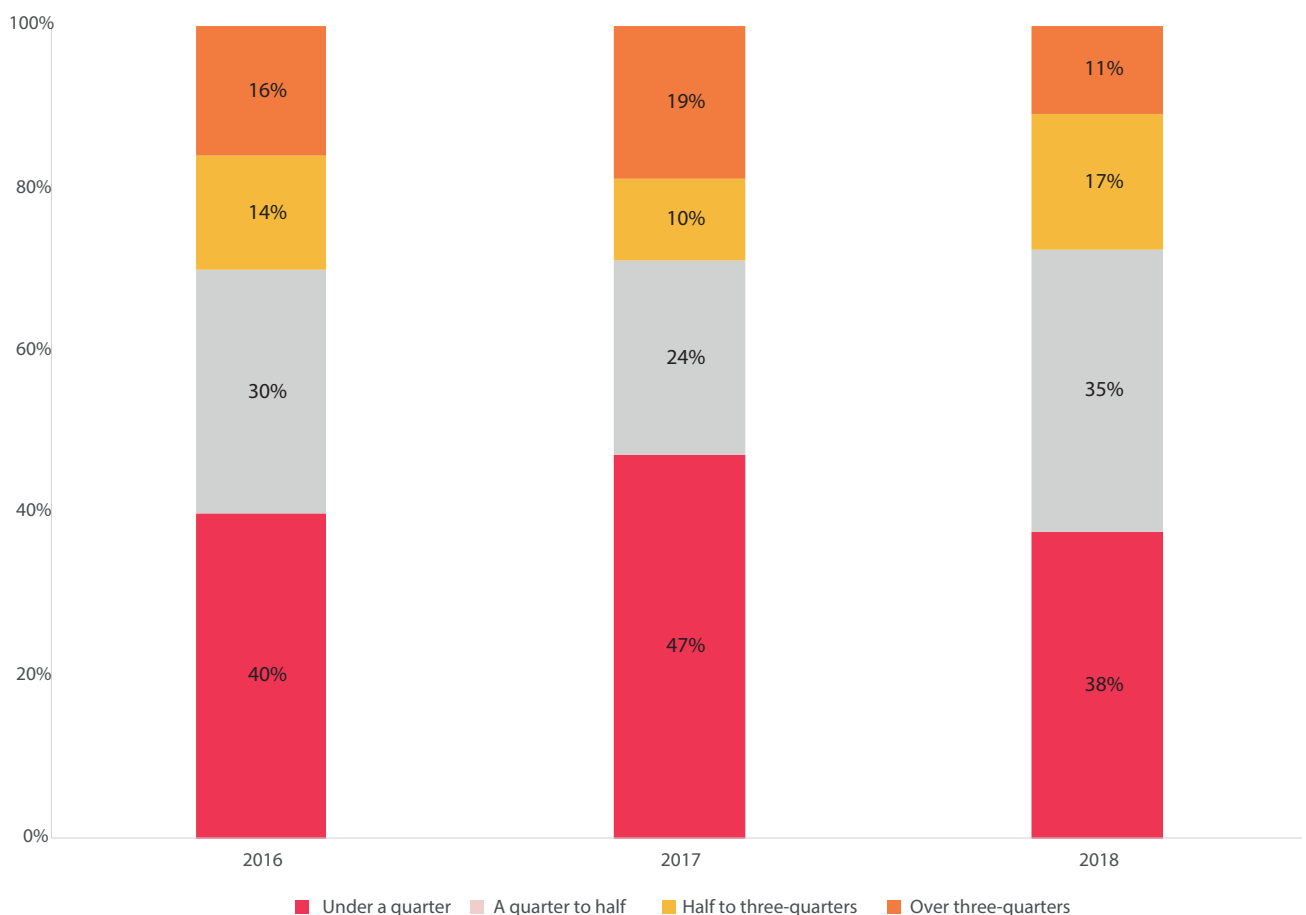
Measurement & value

Relevance and effectiveness

For marketers measuring the relevance and effectiveness of their email campaigns, click-throughs, open rates, and conversion rates are the top three metrics of choice. Just over a quarter (76%) use click-through to gauge relevance, while around two thirds (67%) use them to track effectiveness.

Unsubscribes (52%) and engagement (43%) are also scrutinised by marketers measuring relevance, while delivery volumes are used to gauge effectiveness (35%).

However, it is also important for marketers to consider the indirect effects of email. As we learned from our consumer research into email, 27% of respondents said that an email would prompt them to go to the company's website and 12% would visit its physical store. A further 9% would check out the brand on social media and 5% would call the organisation. These are all indirect actions that may need to be considered when deciphering attribution for a multi-channel marketing programme.

ROI and lifetime value

This year's research saw a marked increase in marketers' belief in their organisations' ability to calculate ROI. Whereas confidence in calculating value had steadily declined between 2012 and 2015 to a 50/50 split, almost two thirds (62%) now think they are measuring — the highest-ever result for this question.

B2C marketers are particularly confident, with almost three quarters (71%) able to make the calculation, though of course B2B organisations (48%) generally need longer lead times and may not have a clear line of sight between initial email and ROI.

ROI from email marketing now stands at just over £42 for every pound spent; a rise of almost £10 since the previous study. B2B organisations collectively report just under £36 ROI, but a lower proportion are measuring, compared to B2C organisations we surveyed — which score an average return of nearly £48.

How much is the approximate return you get back for every pound spent on email marketing?

Further good news comes in the shape of the ability to calculate lifetime value. This also increased markedly, almost doubling year-on-year to 41%. Again, this is likely down to preparation for the GDPR when subscriber lists were scrutinised.

Lifetime value of each individual email address has also risen sharply by 33% year-on-year. An address is now believed to be worth £37, on average, an encouraging sign that companies understand the value of email records and they are starting to feel the benefits of better data quality. Again, lifetime value was higher in B2C (£41) than B2B (£35).

How much is the approximate value for an average individual email address to your organisation?
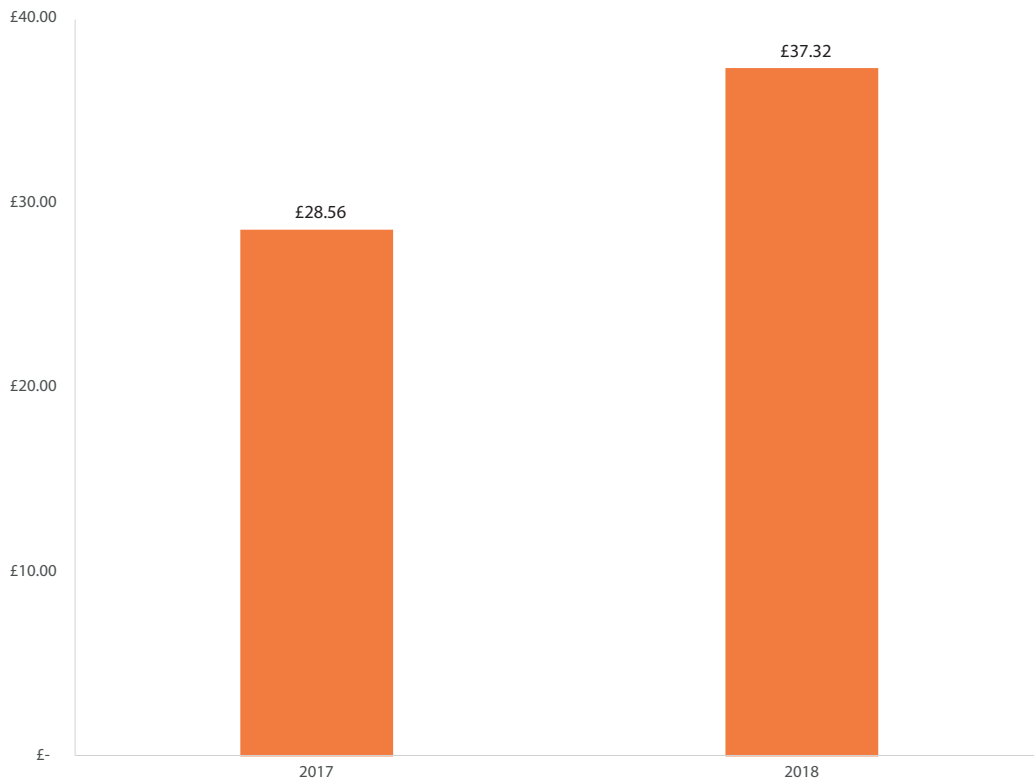
Alongside the results of the previous section, marketers appear to be bullish about their ability. They are testing more, have better confidence about framing ROI, and also understanding the lifetime value of each customer in their email database. This can only be good news for email as a marketing channel.

Receiving & content

Frequency

A majority of marketers believe a rule for frequency of contact should be implemented at their organisations. Some 87% agree they would like to see this implemented, against 77% in the previous survey.

Do you think there should be a frequency of contact rule within your organisation?
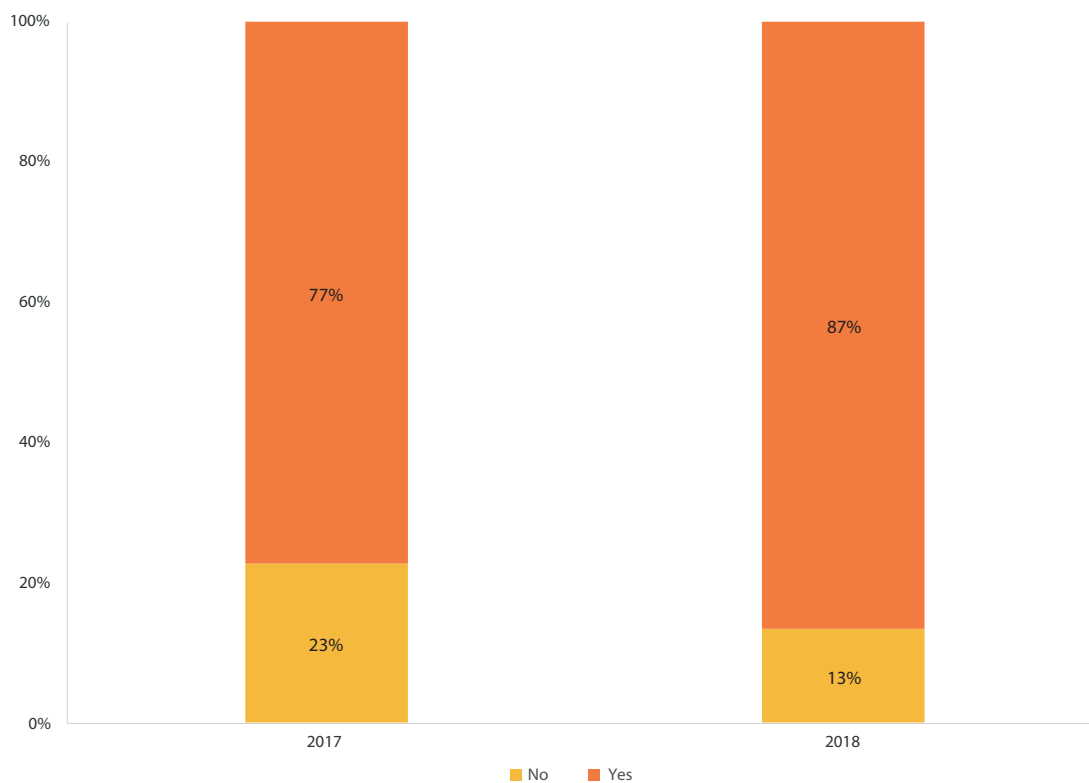
Interestingly, however, firms are now sending more emails than prior to the new law's implementation: a weekly average of 24 emails is sent to people on their mailing list, compared to the 21 they declared in 2018. B2B companies send 18 emails weekly, while B2C organisations distribute 24.

For their part, consumers have reported receiving almost half the number of emails (25 per week) compared to 2017, when they estimated 45 per week hitting their inbox. Marketers, meanwhile, think the weekly total has risen slightly from 21 to 24 emails, in very close alignment with consumers' calculations. These figures demonstrate that marketers might be overestimating the number of messages sent, and consumers are feeling less 'spammed'. If an accurate reflection of the market, this means GDPR has again had a positive impact when it comes to email marketing.

How many emails do you send on average each week to those on your mailing lists, including those sent automatically? (Compared to the number consumers believe they receive from brands)
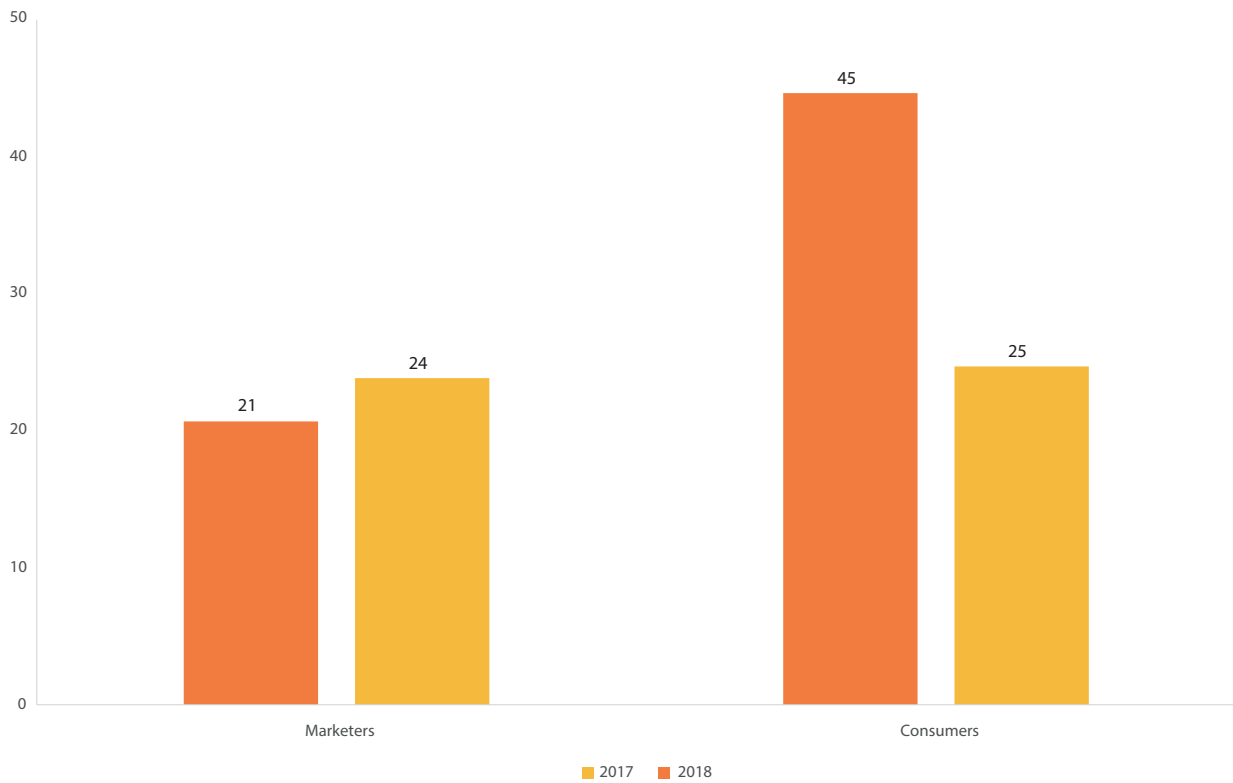
Relevance

However, relevance remains a concern. Only 55% of marketers think more than half of all the emails leaving their organisation are relevant to the individual recipient. Our consumer insight also revealed that only around one in seven people (14%) believe more than half the emails they get are of use to them. This means that, despite volume reduction, relevance is still an issue for brands.

How many of the emails that your organisation sends do you believe to be relevant to individual customers? (Compared the percentage consumers believe are 'useful')
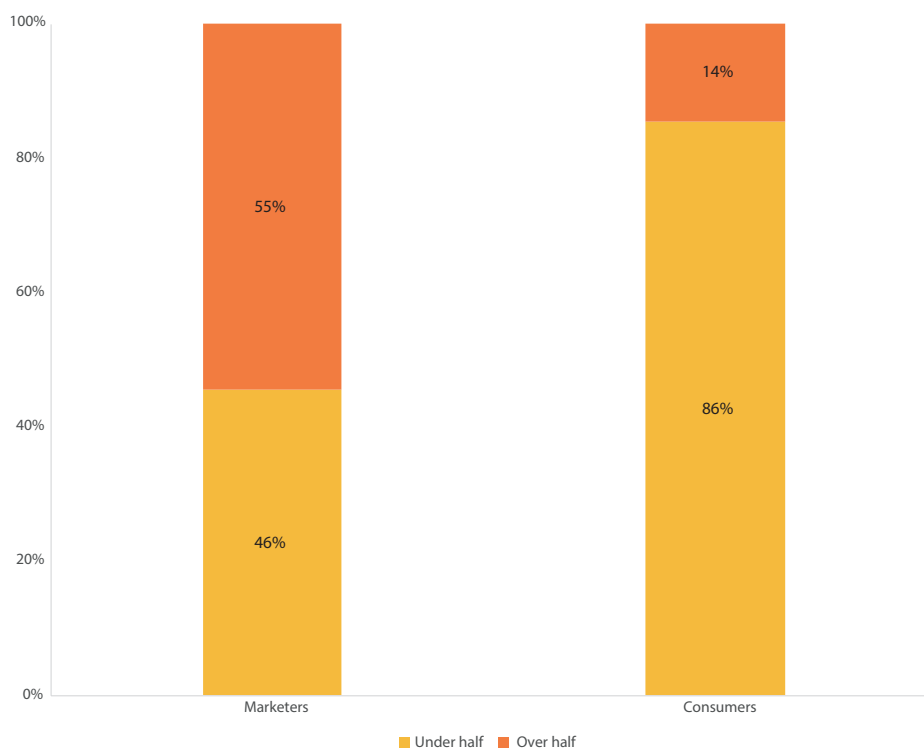
Advance notice of sales (78%), non-promotional content (73%) and discounts/offers (70%) are deemed the most effective email features to help marketers achieve their goals. For consumers, the most useful types of email content are discounts/offers (75%), e-receipts (61%) and advance notice of new products/sales (58%).

Consumers are also far less interested in non-promotional content than marketers believe, with just 22% liking it compared to the 73% of marketers who think it's effective. The same is true of videos, pictures and GIFs (27% for consumers vs. 66% for marketers). This may be down to consumers expecting this content as part and parcel of the emails they receive from brands, but there is clearly a disconnection here that brands should consider. The key to success remains offering tangible value and using content to offer relevance — whether it's the format or quality of the message.

What types of email message/content helps you to achieve your email campaign objectives? (Compared to content consumers like to receive from brands)
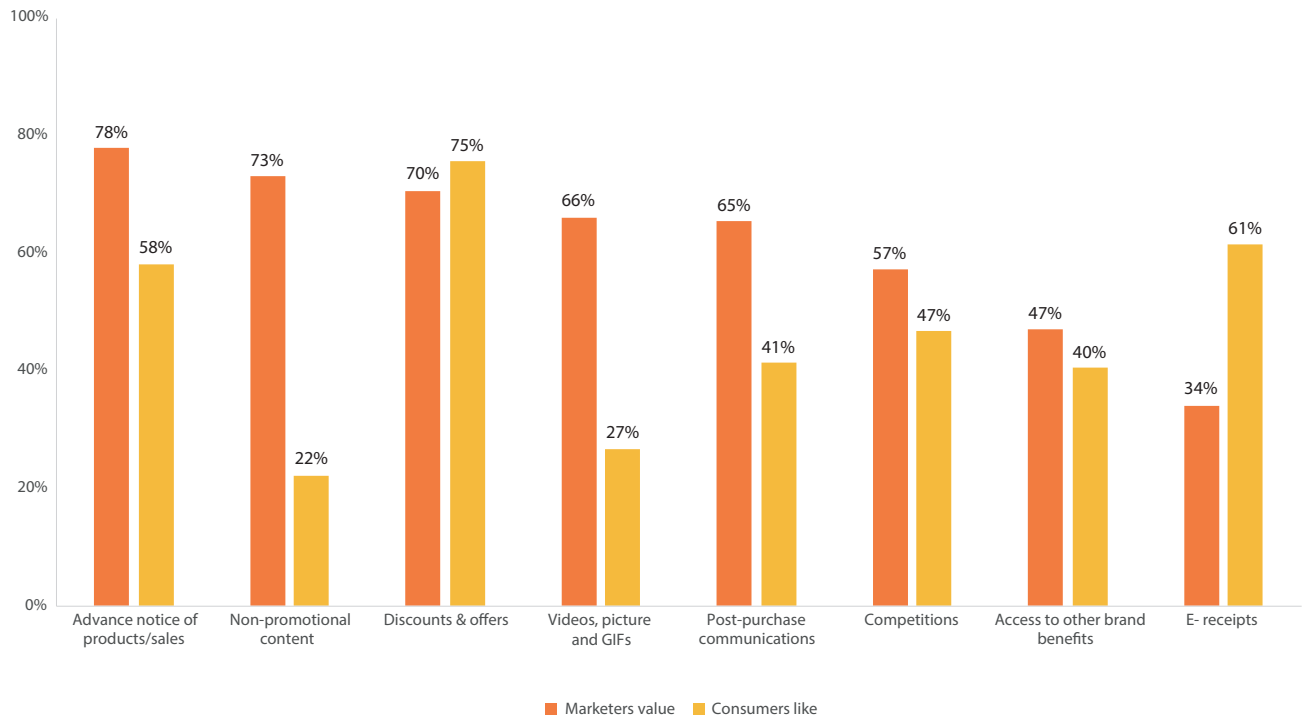
Sign-ups & unsubscribes

Sign-ups

Customer loyalty, trust and advance notice of new products and sales are deemed the top three most effective ways of prompting email subscription, according to marketers. E-receipts, though popular with consumers, are not considered effective, along with features such as the opportunity to join a loyalty scheme, video/image content and competitions.

Considering your email marketing programmes, which are most effective in encouraging consumers to sign-up for your emails? (Compared to what consumers say normally persuades them to give their email address to a brand)
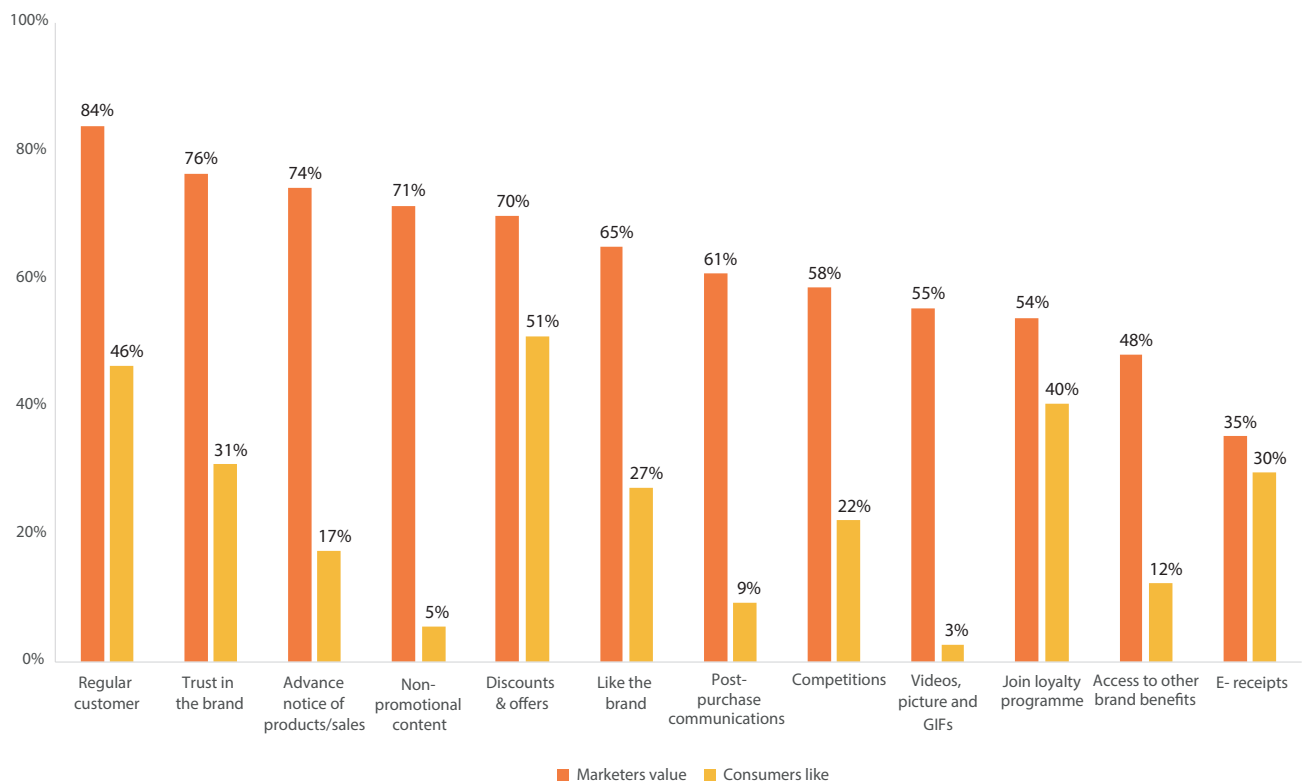
Unsubscribes

Moving towards the closure of the relationship between the brand and its customer, almost half of the marketing respondents (47%) immediately action unsubscribes and no further emails are sent to the individual, with 39% saying only service emails are then sent. Meanwhile, unsubscribe actions are linked to a preference centre by 18% and a survey by 11%. It is really promising to see that none of the businesses surveyed keep sending emails to customers that had unsubscribed – a further confirmation that GDPR has improved marketing practices.

Some 40% of consumers agree that they shouldn't receive non-service emails after unsubscribing — though 21% claim opting out makes no difference as they still get messages. It's possible this could decrease as brands build in further compliance in the wake of the GDPR, reassuring consumers about the emails they will receive.

When a customer unsubscribes from your organisation's emails, what happens next? (Compared to what consumers typically expect to happen)

■ Marketers   ■ Consumers
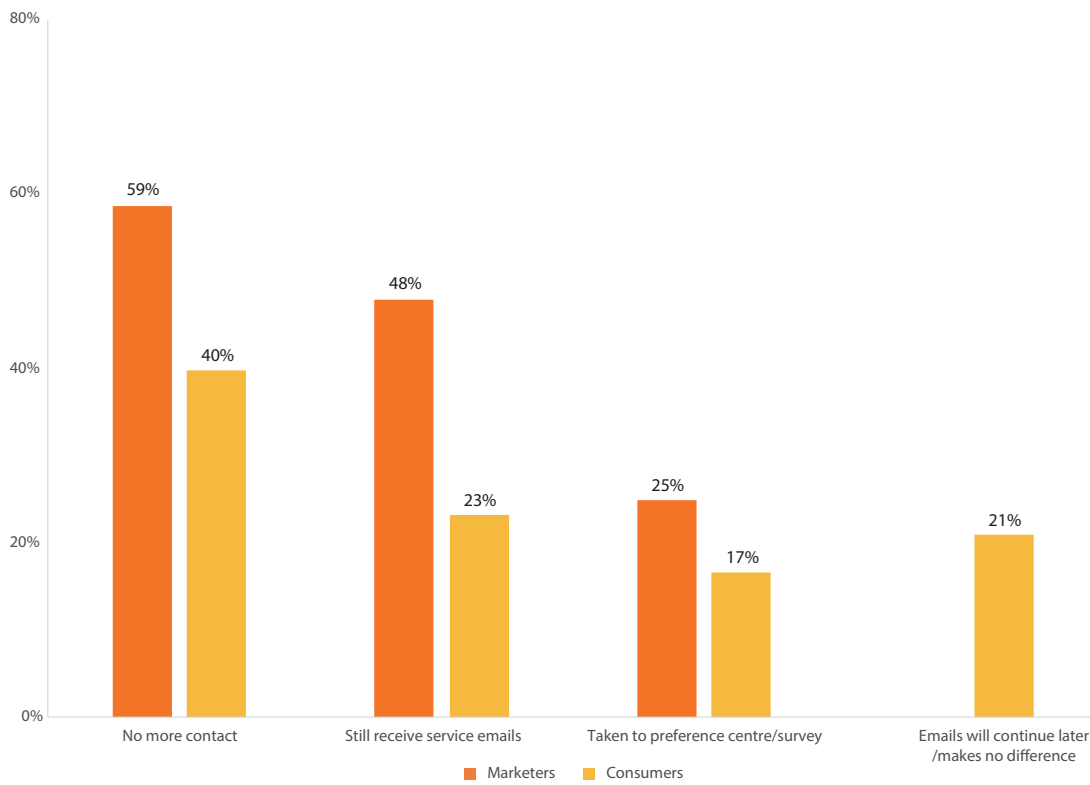
Future expectations

Marketers are generally positive about the changes in key performance metrics for email over the past 12 months. Just over three quarters (76%) report an increase in open rates; 75% say click-throughs are higher; 67% indicate delivery rates have increased and 66% say the same about conversion. Slightly more than half (51%) say ROI has risen. All of these performance areas have increased significantly compared to the previous survey.

Conversely, opt-out rates have decreased according to 41%, and 55% say spam complaints are also down — further evidence of the GDPR effect.

Furthermore, marketers expect performance to improve in most areas over the next year. Some 82% expect a rise in open rates, 77% click-throughs and 74% delivery. ROI will continue to increase according to 59%, while opt-outs should drop, say 46%, along with spam complaints (54%).

Respondents expect the proportion of marketing budgets for email to climb to almost 17%, compared to 11% the last time they were asked. A total of 33% expect their organisation to commit more than 21% of the overall marketing budget to email in the next 12 months. Moreover, almost two thirds (63%) expect email marketing budgets to increase, a year-on-year rise from 46%.

What percentage of your marketing budget is spent on email? (Not including staff costs)
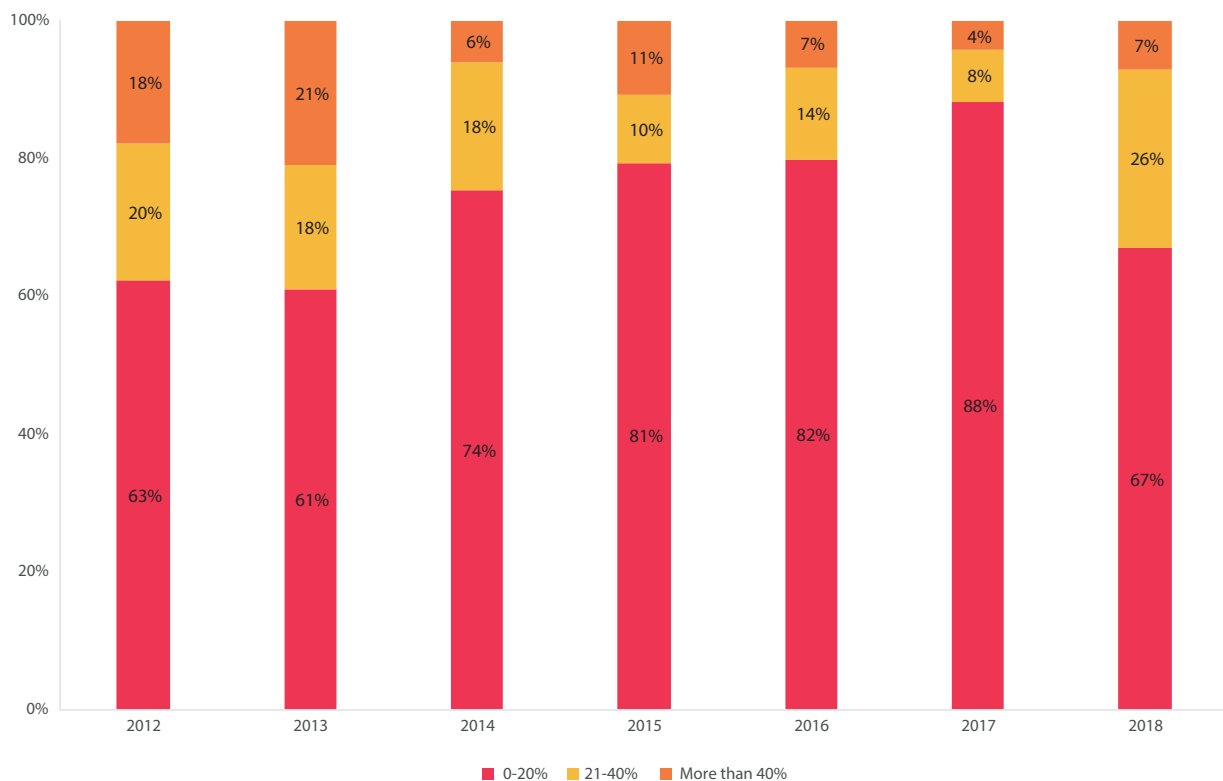
It will be interesting to see if this budgetary boost results in a rise in ROI — or if costs are simply increasing; 57% say email marketing costs are due to increase, up from 48% last year.

Methodology

The 'Marketer email tracker 2019' is part of an annual study undertaken by the DMA in partnership with dotdigital and the Research hub of the DMA's Email council.

The research was conducted in January 2019 via an online survey of 197 respondents ¬¬— nationally representative of UK marketers.

The data was collected and collated by Qualtrics, then analysed by the DMA Insight department. The report was written and designed by the DMA Insight department and in-house design team.

The survey consisted of a maximum of 30 questions. These questions were reviewed by the DMA, dotdigital and the Email council's research hub to ensure relevance to the current state of the email industry.

Respondents represented a range of department types, sectors and career levels. Of those answering the relevant question, 29% were B2B, 29% in B2C, and 42% were involved in both B2B and B2C marketing. The reported career levels were 21% senior, 52% mid and 27% junior.

Where averages are presented, these were calculated by multiplying the number of respondents by the corresponding value (or the middle value where this is a range), summing these, and then dividing by the total number of respondents.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk.

About the DMA

The DMA represents the UK's data and marketing industry, and a DMA membership is a recognised badge of accreditation.

Membership will help you grow your business alongside our network of more than 1,000 UK companies. You will access a suite of services, including complimentary legal advice and lobbying, industry leading research and insight, and IDM training courses.

Our members connect at regular events that inspire creativity, innovation, and responsible marketing, while upholding a code that puts the customer at the heart of all we do.

We are proud to lead the data and marketing industry towards new standards for customer centric business practice, creativity, and innovation.

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About dotdigital

Formerly dotmailer, dotdigital is a leader in customer engagement technology.

dotdigital's Engagement Cloud is the platform of choice for businesses seeking to engage customers across all touchpoints. The platform's features empower 4,000+ brands across 150 countries to acquire, convert, and retain customers.

Users can connect customer data, surface powerful insights, and automate intelligent messages across email, SMS, social, and more. dotdigital is a global company with over 350 employees, serving companies of all sizes and in all verticals for over 20 years.

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