



A LOOK BEHIND
THE NUMBERS

Email in a Mobile World

Q1 2014 NORTH AMERICAN METRICS

Executive Summary

Last year was a big “rethink” year for email, after clawing its way back into the limelight as the reigning champion of digital marketing. Mobile email penetration peaked in 2013 igniting marketers’ need to gain insight on how this growth was influencing their email programs. Inbox Marketer’s behavioural email data showed major shifts in device usage and consumption patterns, underscoring the need for new strategies in the design and development of mobile optimized email.

Mobile momentum continues in 2014 with trends showing mobile growth for the foreseeable future. While much of 2013 was spent understanding opens by device, learning mobile design optimization and learning what a media query is; many marketers wonder what the next

step is. Gartner recently said, “Marketers are refocusing on email marketing as a driver of company growth,” and further emphasizes that “email is on the slope of enlightenment as a core digital marketing channel that extends into mobile and social.” This begs the question: how well is your email program performing in this new mobile connected world? What can marketers do more effectively?

This whitepaper reveals our latest email device click stream results including:

1. Breakdown of desktop, smartphone, and tablet open rates

2. Clicks by device

3. Behavioural differences within industry sectors

Highlights

- Mobile opens accounted for 53% of total email opens in Q1 2014 (+9% since 2012)
- Tablets now account for 14% of total email opens
- Mobile opens heavily outweigh mobile clicks
- While Desktop opens are down, this platform still drives more clicks compared to mobile
- Context drives device choice. Mobile is best for bite size experiences, desktop for more involved content

Introduction

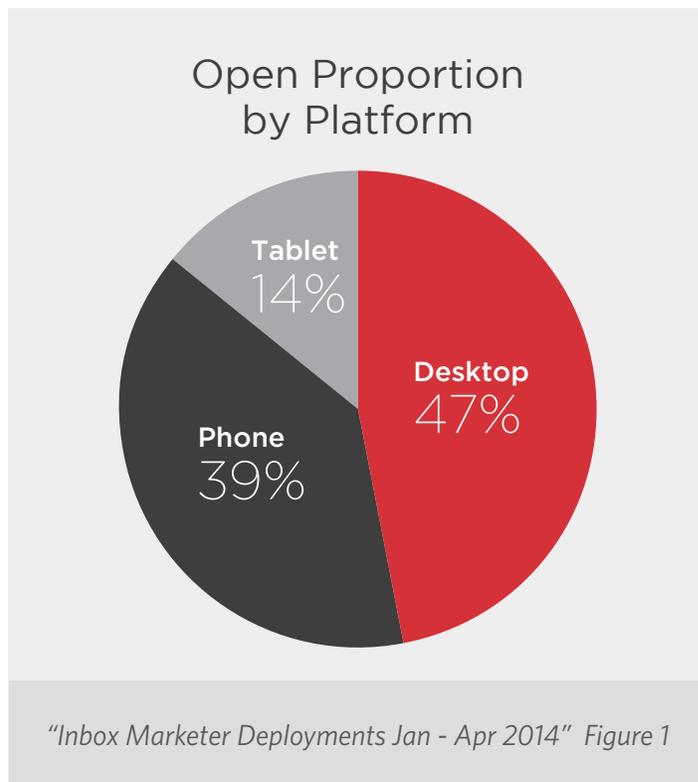
Inbox Marketer deploys email messages to millions of unique email addresses every month across a wide range of industries including retail, financial & insurance, telecommunications, and loyalty. Email is a highly measurable medium and is always evolving. The following report highlights email results from Q1 2014 across various device platforms and operating systems. In addition this report provides insights, thoughts, and “busts a few myths” on the mobile email user.

Mobile Remains Strong in 2014

In 2013, the proportion of mobile opens peaked at 55%. In 2014, we're starting to see the growth rate of smartphone open rates in particular begin to level off at around 53%. However, tablet usage appears to be growing in comparison to last year when it averaged around 10-11%. This shows us that desktop opens are no longer the majority and may only continue to shrink, though potentially at a slower rate.

If you're in tune with the 2013 open rate trends there's probably nothing surprising here. You know by now that you need to accommodate for “mobile first” readers. You have likely analyzed your own metrics and come to the conclusion that you either need to overhaul your message design, or you know that your audience is still tethered to desktop. If you are the latter, be wary, as even though the rapid smartphone and tablet growth rate has slowed, it will continue to grow as late adopters catch up. With tablet usage expected to outpace PC sales globally by 2015 and a growing trend of larger screen smartphones, designing for these new form factors will continue to gain importance.

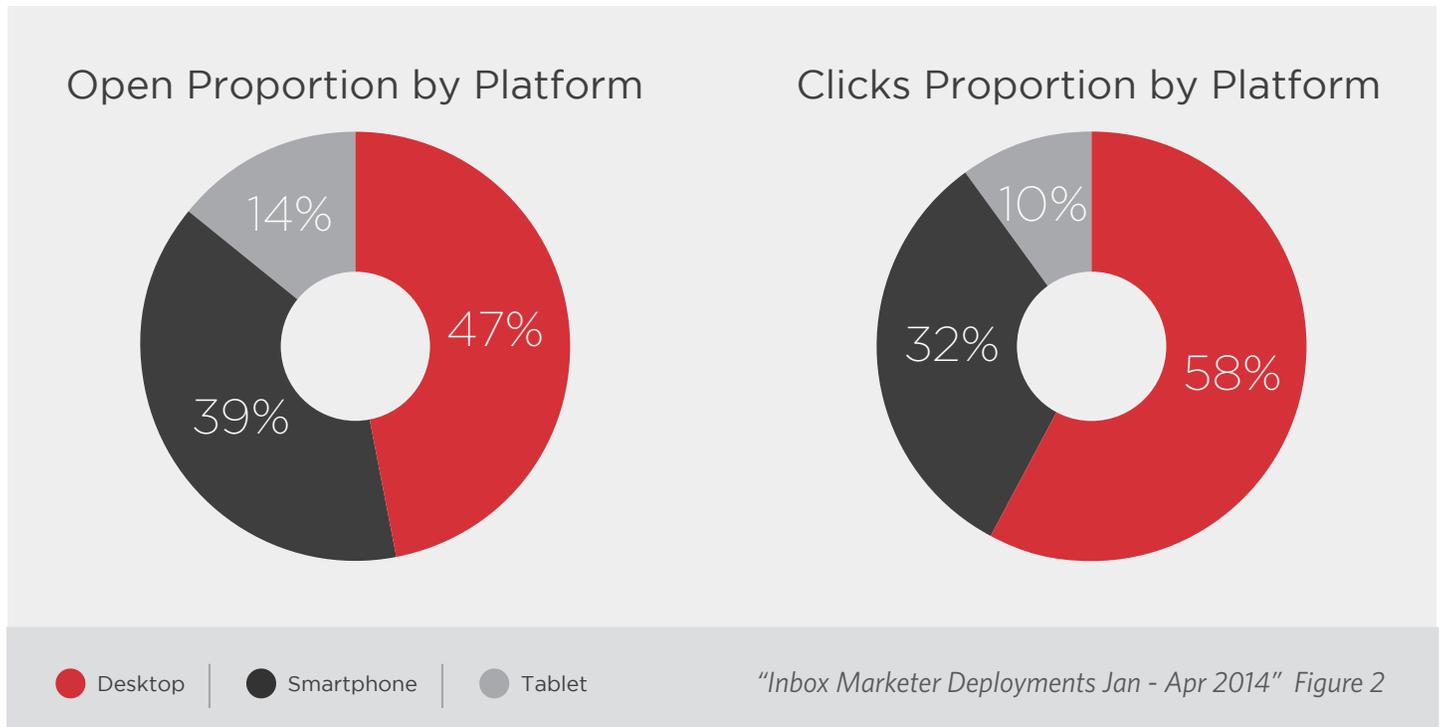
Desktop, iOS (iPhone, iPad), and Android OS still make up the majority share of opens when reading email. We know that there are more Android users out there opening emails but until the operating system enables images automatically, it's likely we'll always see open rates skewed higher to iOS. Because of this, we recommend closely monitoring your web analytics for Android sourced traffic.



In Q1 2014, desktop accounted for 47% of all email opens. Within the mobile share of 53%, iPhone opens make up 31%, iPad 14% and Android 6%. Windows Phone, Blackberry, and Android Tablet make up less than 2% of the total mobile opens in Q1.

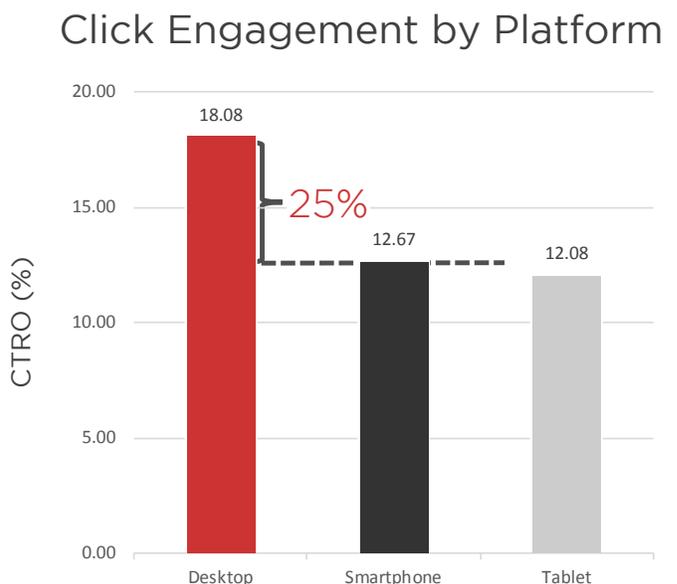
A Deeper View of Opens & Clicks by Device

In the past year we have seen a lot of industry reports showing opens by device, but very little definitive measurement on clicks by device. Understanding clicks by device is important because it is a true measure of design optimization. Clicks help marketers determine if mobile optimization influences engagement.



While mobile appears to garner more eyeballs, it often fails to drive clicks in the same way desktop does. Mobile open rates are outpacing desktop by +6% on average, likely due to the convenience mobile offers. However, as the comparison above demonstrates, the clicks for mobile users show a different behaviour.

Even when comparing Click-Through Rate as a Percentage of Opens (CTRO), the chart to the right reveals desktop users are still nearly 25% more likely to click when compared to mobile users. But why are we seeing fewer clicks on mobile?

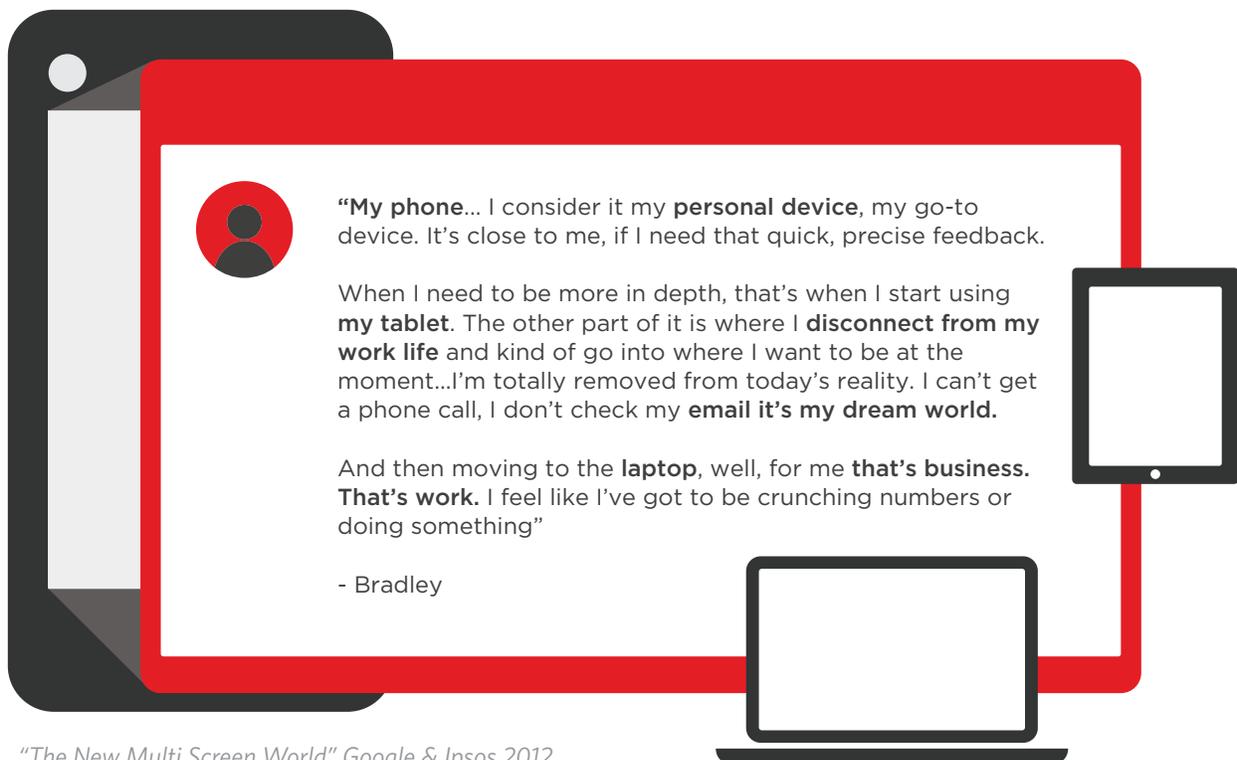


"Inbox Marketer Deployments Jan - Apr 2014" Figure 3

There could be a number of technical reasons that answer this question: poor mobile design optimization, inconsistent email client rendering, or varying operating system rules to handle responsive media queries. And while this is very likely the cause of some of this poor click behaviour, we believe there is something more psychological at hand.

While the obvious difference is the physical form factor between desktop and mobile, one less explored area is the difference in mindset. Today's email experience is different; context and timing are having a larger influence over engagement than ever before. Research conducted by Google and Ipsos demonstrates that context drives device choice and that the device used can dramatically influence the level of engagement a person will have with a message. This research shows that email marketers must now place extra consideration on timing, message content, and device usage when implementing campaigns as the wrong message at the wrong time could yield unfavourable results.

A recent study from AOL and BBDO showed that mobile users are most active at home - using their device in unison with a desktop or while watching TV. So what's the problem? To most consumers mobile is a device for leisure. Mobile is used for casual browsing and maintaining social connections. This is why new social platforms like Instagram and Vine are so incredibly popular and account for a vast amount of mobile usage time. Depending on your brand and product, it's important to consider that these devices are used to achieve a certain goal. In the case of the mobile user, that goal is to entertain and relieve boredom, not necessarily to make purchases or conduct high effort inputs -such as filling out forms or surveys. Below is an example from the Google/Ipsos study (referenced earlier) of a consumer perspective on where they see their device as a part of their daily life. Notice the difference in state of mind among the different devices.



“The New Multi Screen World” Google & Ipsos 2012

Adjusting for a Mobile State of Mind

Mobile is here. Email marketers should strategically plan their content and targeting accordingly, so it feels less generic and more personalized to the user's context. This is easier said than done. While optimizing your email templates to fit new devices is important (i.e. responsive), it appears that adjusting your content strategy should be the next step in your path to email optimization. This means putting yourself in your reader's shoes and really trying to understand how your content resonates with them across various devices.

When developing responsive email design, reduce the fluff for your mobile readers and focus on content that is more likely to resonate with them. If you have a heavy mobile user base, you've likely already seen an impact on click through rates if you haven't adjusted your old desktop friendly strategy. However, if you find you have a fairly even split on mobile and desktop, it might a good idea to begin experimenting with varying deployment times and measuring device open rates by those times. See if you can engage more desktop users (if you have complex product offerings) by using specific deployment times.

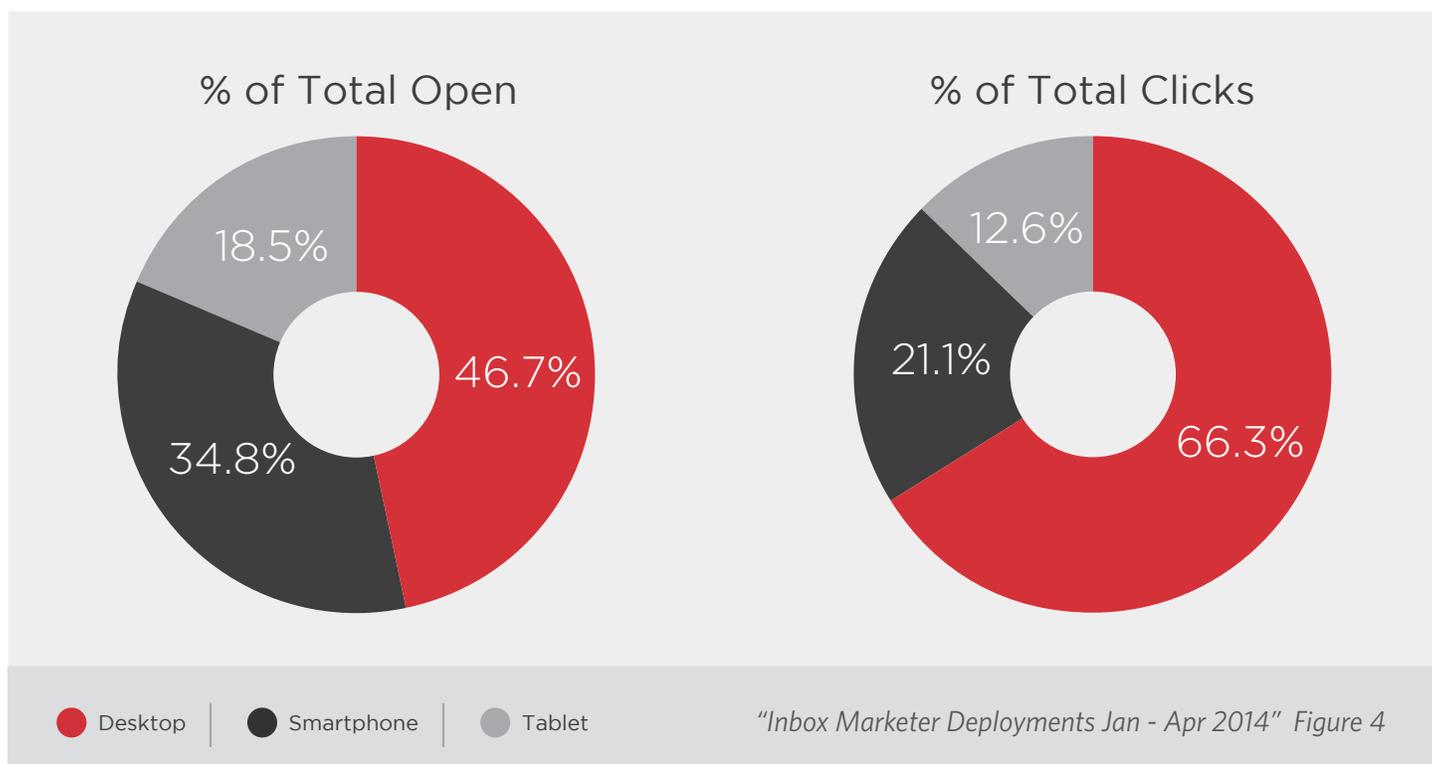


Does Behaviour Change between Industry Sectors?

In addition to the aggregate results above, we wanted to examine the same metrics in four key industry sectors.



Retail Opens vs. Clicks Proportion (By Platform)



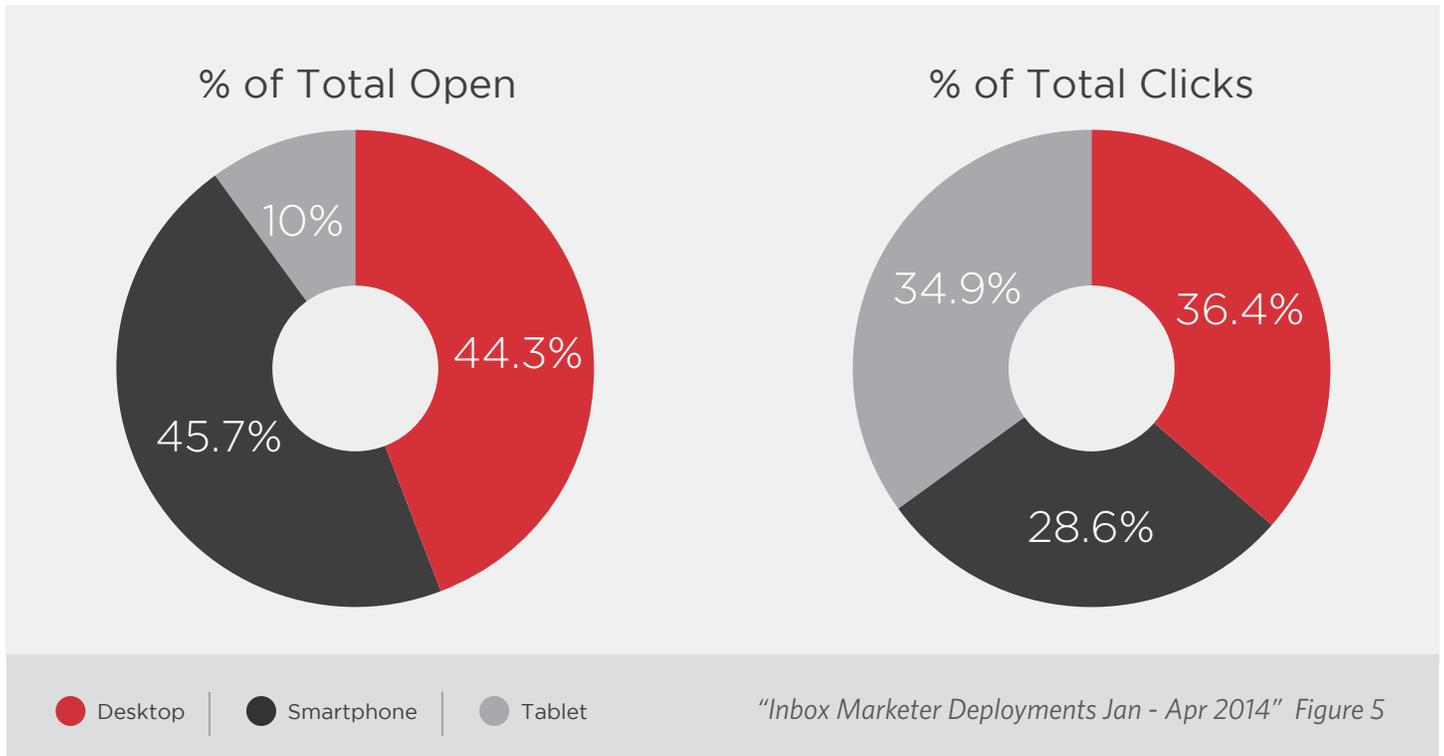
Our retail clients show one of the largest proportion of mobile open rates. Considering the tablet user mind set, it makes sense to see the largest open rate for that device occur within retail. Overall, the open rate split between mobile devices and traditional PC is fairly even. While mobile opens fall close to Inbox Marketer's average, the proportion of clicks on a desktop are significantly higher in the retail sector. Over 66% of all retail clicks come from a desktop. One contributing factor could be that many consumers are still more comfortable committing to ecommerce transactions on their desktop. This behaviour may change as more retailers optimize the mobile shopping experience and find better ways to assure customers' security

with their transactions. We're interested to see if this change will be reflected in the email click through rates.

If you're a retailer, how do your results compare? Do you find that your mobile opens are through the roof but you're not getting the click through rates you are hoping for? Perhaps your content strategy could use an adjustment in order to leverage more engaging content (like editorial, high quality photography, or video) to soft sell your brand to the mobile user. This can be more effective than a straight product push with a link directly to your ecommerce site.



Telco Opens vs. Clicks Proportion (By Platform)

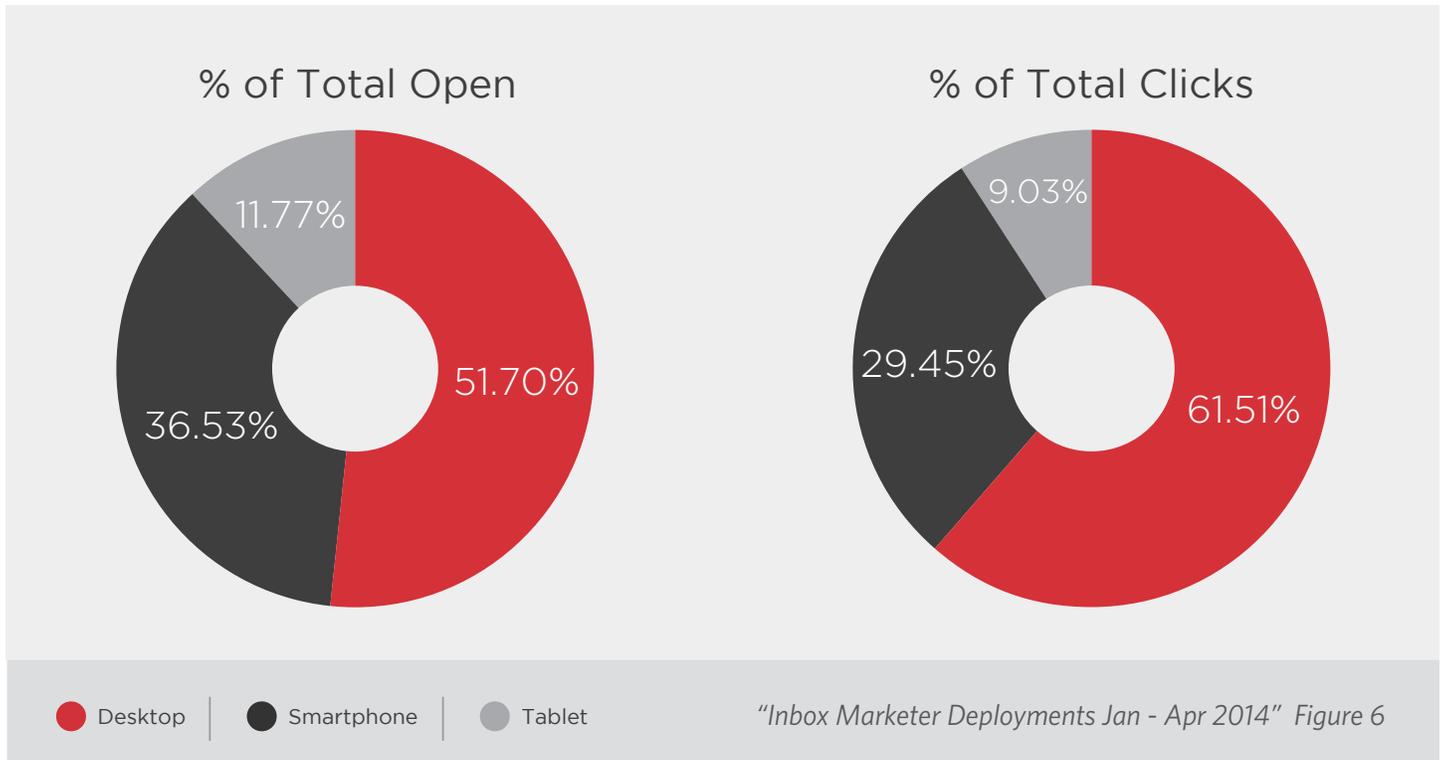


Adjust content and offers to suit the context of the user.

In the Telco sector, email opens are much higher for mobile users. Is it any wonder though? Mobile is their primary business as their customer base actively uses smartphones and tablets. Not surprisingly we also see a much larger click-through proportion in the mobile category. It likely has a lot to do with the offers more specifically relating to the mobile users they're targeting, but it is a good example of an industry category that is adjusting its content and offers to suit the context and mindset of their users.



Financial & Insurance Opens vs. Clicks Proportion (By Platform)



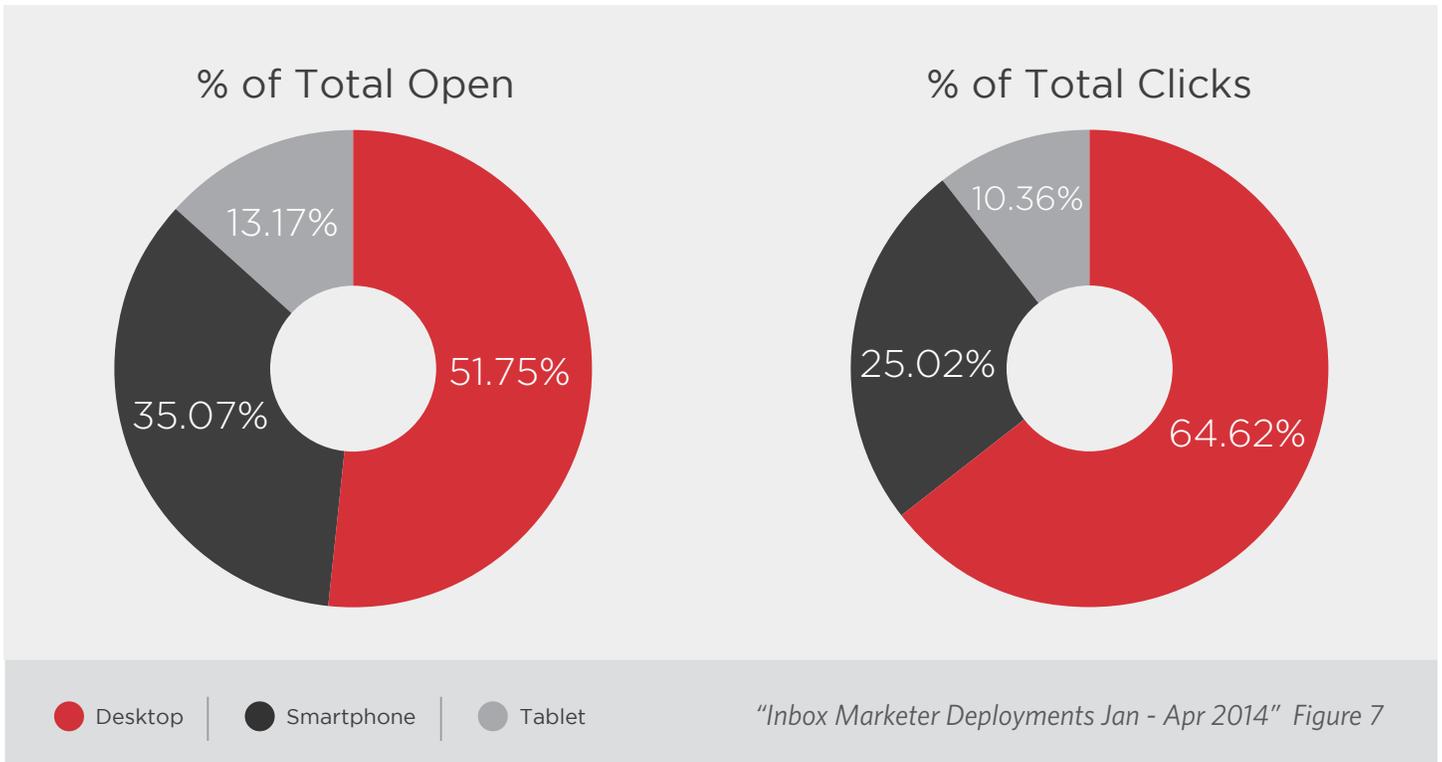
Financial & insurance remains the lowest proportional contributor to mobile opens. This statistic likely extends from a number of demographic and psychological reasons. Given the sensitive nature of financial & insurance emails, consumers are often reluctant to open on mobile. More than likely, the lower mobile engagement comes again from the mobile browsing state of mind. Financial & insurance messaging doesn't (typically) fall under the entertainment or "escape from reality" category, so it's understandable that the majority of click

throughs come from the desktop category. Keep this in mind if you're in finance or insurance, as it is likely best to time serious content to when you are more confident users are closer to a desktop - where their mindset is more likely to be engaged. The mobile device can be the trigger to notify them but don't rely on a customer to remember it later; they should be able to produce an action as soon as possible. If your offer is relevant and timed well, you might just be able to increase engagement.

Financial & insurance remains the lowest proportional contributor to mobile opens



Loyalty Opens vs. Clicks Proportion (By Platform)



Loyalty represents a good benchmark for where average North Americans are opening their emails. Loyalty groups are consistent. We see the most consistent results from this sector in opens and clicks. The results are telling of how a highly engaged subscriber base is reacting to content and what kind of devices the average person is viewing email on.

Overall, there are few discernable differences to note for loyalty users in device open and clicks behaviour. With clicks, we see a lot more weighted towards traditional desktop engagement.

This could have a lot to do with some loyalty programs still lacking a strong mobile experience to leverage. Many brands still use the traditional web as their home base for managing accounts and the physical card for redeeming at retail level. We believe that as loyalty programs evolve and retailers make infrastructure adjustments to accommodate for redemption and collection through mobile devices, email engagement will follow.

On the click side, we're seeing a lot more weighted towards traditional desktop engagement.

Closing Thoughts

In conclusion, the mobile readership growth rate is slowing. However, that doesn't mean the growth in mobile penetration is stalling out, perhaps just slowing to less pronounced rates. Open rates don't tell the complete story. There are many factors that deter the ability to get an accurate representation with devices that do not display images by default (i.e. Android). Look at click behaviour to get a better sense of what is resonating and adjust your content strategies to fit the mobile users' state of mind.

As more and more consumers begin to abandon desktops as their "go-to" for entertainment and browsing functions, keep in mind that we are still in what appears to be an early majority in tablet adoption. The experiences and mindsets for tablet users are very different and require you to be cognisant of these characterisations in order to create better email experiences. Finally, be aware of your customers' activity as it relates to your

particular industry sector. There are behavioural nuances in various sectors. If you reside in the financial/insurance industry, it might be wise to experiment a little more with ideal sending times. If you're in retail, try to adjust your content strategy to involve more low impact mobile content that can engage and occupy. The landscape is constantly changing. The beauty of being an email marketer is the plethora of data points you are able to collect for each individual customer on your list and use this data to conduct more testing with content, timing, and segmentation more often. As always, Inbox Marketer will continue to release more metrics and insights throughout 2014 to help you better understand the landscape. In the meantime happy testing and good luck!

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Torben Nielsen is a subject matter expert in email, mobile, and social media, specializing in digital messaging strategy and analysis. During his tenure with Inbox Marketer he has helped advance reporting and analytic capabilities, allowing clients to gain actionable insights from their digital messaging campaigns. Torben has also played an integral role in expanding Inbox Marketer's service offerings in mobile and social media to support growing client needs. Torben is a regular speaker on the subject of digital marketing with the Canadian Marketing Association and is a graduate of the Marketing program at Conestoga College.



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Geoff Linton is a co-founder of Inbox Marketer Corp. and a direct marketing expert with more than 25 years of applied experience in both client and agency roles. His experience spans many industrial sectors, including financial services, telecommunications, consumer packaged goods, technology, manufacturing, and entrepreneurial businesses. Geoff has guided clients in digital messaging strategy, and analytics for Inbox Marketer over the last 12 years. Previously Geoff was Associate Director for the Air Miles program where he spearheaded major launches and was actively involved in targeted marketing initiatives and customer/campaign measurement. Geoff holds both a P.Eng and MBA from Queen's University in Canada.

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