



The Q1 2017

User Engagement Top 100 Report

Email Marketing in E-Commerce



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Introduction

Email marketing continues to be the **best digital channel for ROI**, so delivering dynamic, personalized messaging to the inboxes of your customers is of the utmost importance. In fact, for 77 percent of consumers, email is the preferred messaging channel, dwarfing demand for SMS, push notifications and social media communications.

When you are determining the right email marketing strategy for your business, it's natural to wonder how the industry leaders are conducting their campaigns. After all, if they're on top, then they must be doing everything right...right?

To glean best practices, we analyzed the email marketing strategies adopted by the top 100 e-retailers in the United States to study how they engage with their customers. These companies represent industries ranging from apparel and electronics, to auto parts and pet supplies, but all have the single goal of getting their users to go from inbox to checkout.

We note what companies are doing across the board, as well as what specific e-retailers are doing right and what they can do to improve, using case studies to make recommendations about how to improve the email marketing of your own organization.

Key Takeaways

We examined the diverse range of email marketing strategies from the top 100 e-commerce companies, from frequent firing to radio silence. Here are our key takeaways from analyzing welcome, abandoned cart and blast campaigns.



Come on down!

Welcome emails are widely adopted by e-commerce companies. The majority (87 percent) of the top 100 sent out at least one onboarding email to new users.



The price is not right.

However, although most e-retailers send welcome emails, only 26 percent offer a welcome discount to the new customers. The most common discount was 15% off a future purchase.



You forgot something!

Cart recovery campaigns are not as commonly adopted by e-retailers as one would expect. Only 50 percent of the studied companies execute cart abandonment actions.



Anybody there?

Surprisingly, 43 percent of e-commerce companies did not send a single email blast within a week of a new user signup. Customers may also need to check their spam folders: seven of the top 100 e-retailers were caught by spam filters.



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This report is for growth marketers interested in implementing high-performing email campaigns. In it, we present insightful statistics about the e-commerce industry and include real-world examples of marketing emails from the country's leading businesses.

If this report piques your interest and you'd like to learn how to advance your own email campaigns, please reach out to us.



Iterable empowers growth marketers to create world-class user engagement campaigns throughout the full lifecycle, and across all channels.

Segment users, build workflows, automate touchpoints and test strategies at scale without engineering support.

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Research Framework

We studied the top 100 e-commerce companies¹ ranked by *Internet Retailer*, focusing solely on nationwide businesses in the U.S.² After creating an account for each of the companies³, we tracked three email marketing strategies over the course of two weeks and analyzed the results.

Welcome campaign

- Welcome emails are often designated by their targeted purpose of introducing a user to an e-commerce website, mobile app, social media platform or other business property. Did the company send out a welcome email after signup? If so, how many welcome emails did each company send?
- Did they provide a welcome discount? If so, what was the percentage or amount discounted?

Cart abandonment campaign

- While logged in on each e-commerce site, we added an item to the shopping cart and left the site without checking out. Did we receive a cart recovery email from the company?
- For those businesses who reacted to cart abandonment actions, how many emails did they send out?
- What did the cart recovery email look like? Was there a picture of the abandoned item in it?

Blast campaign

- Marketing blasts are general-purpose communications that e-retailers use to inform customers of sales and other promotions. Within one week after the new user account was created, how many blast emails were sent in total by each company?
- Which industries tended to send more blast emails?

Note

This research report was designed to analyze select email marketing tactics in a brief timespan for the purpose of creating a snapshot of the industry-leading e-commerce companies.

Readers should note that Iterable's recommendations for email marketing are based on the limited experience of this study, which is not meant to be comprehensive in its analysis and does not reflect the official position of any company listed.

¹ We removed 20 companies listed by *Internet Retailer* from our research (Apple, Google Play, Systemax, APMEX, Amway, Choxi, PC Connection, W.B. Mason Co., SHOP.com, Peapod LLC, Follet Higher Education, FreshDirect, Interline Brands, Clickbank, Microsoft, Scholastic, CVS Caremark, Weight Watchers, Purchasing Power LLC, and Sears Hometown/Outlets) due to reasons that would burden the analysis (e.g. inaccessible signup process, limited operational regions and atypical business model). Instead, the next 20 companies on the list were substituted to maintain a total number of 100.

² Unless otherwise noted, these companies are not Iterable customers nor have they sponsored this report in any way.

³ Two email clients, Gmail and Outlook, were used in this study in order to analyze the effectiveness of their spam filters.



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Email Strategy Adoption by Top 100 E-Commerce Sites

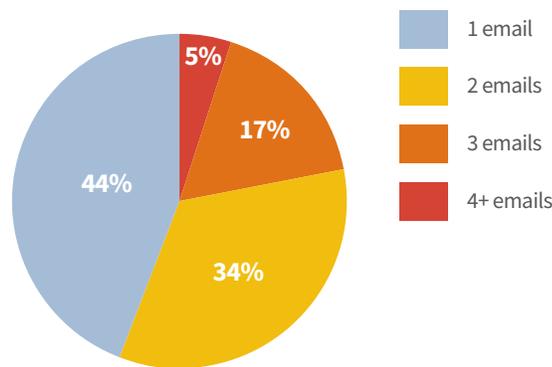
Welcome campaigns

Data analysis

Onboarding, or welcome, campaigns are the simplest and most widely adopted by leading e-retailers. **87 percent** send at least one email to welcome new users, and **49 percent** commit to a series of welcome emails.

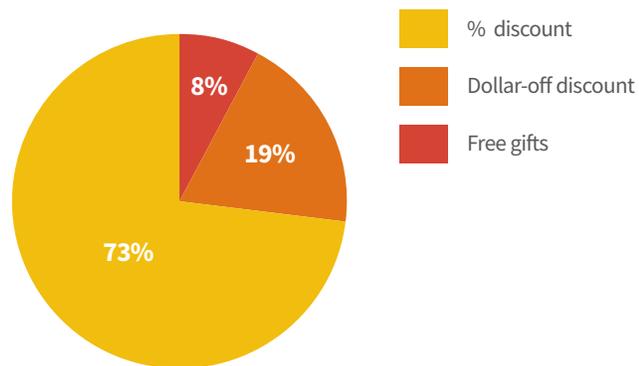
Of the companies that leverage onboarding campaigns, 44 percent sent only one email, 34 percent sent out a second follow-up email and 17 percent sent a total of three welcome emails. A small portion (5 percent) deliver four or more emails to engage with new subscribers.

Of the companies that send welcome emails, how many did they send?



Including a discount in a welcome email is not a common practice among e-commerce companies: only **26 of the top 100** offered an incentive to sweeten the deal. The majority of businesses (73 percent) prefer to offer a percentage discount, as opposed to dollar-off discounts (19 percent) or free gifts (8 percent). The most popular discount amount is 15% off a future purchase.

Of the companies that send welcome discounts, what type of discount did they send?



Interesting findings

A common trend among e-retailers that send an onboarding series is an unnecessary disjointedness between emails. Many e-commerce companies send a simple, text-based transactional email to thank a new user for registering an account (Fig. 1), as well as a more vibrant email welcoming the user (Fig. 2).

Figure 1:
Nothing new (or inviting) about this Newegg email.

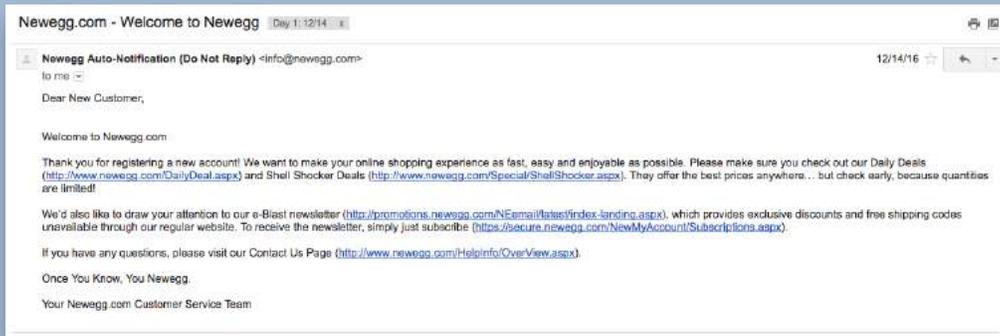
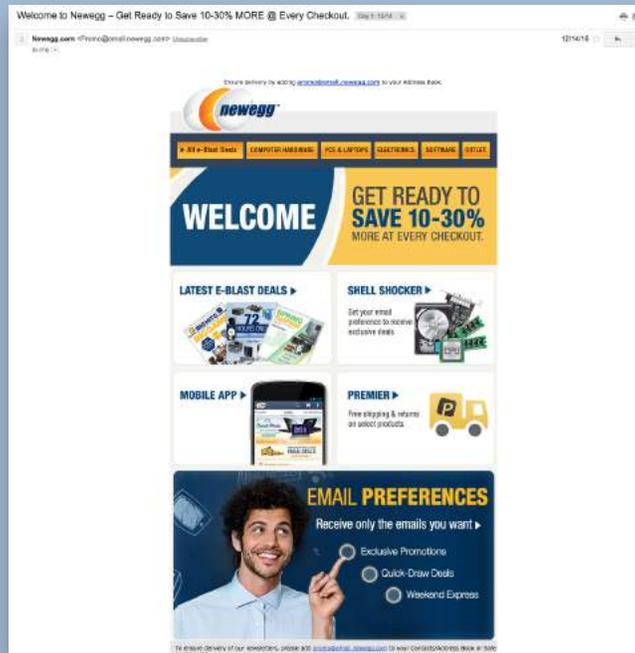


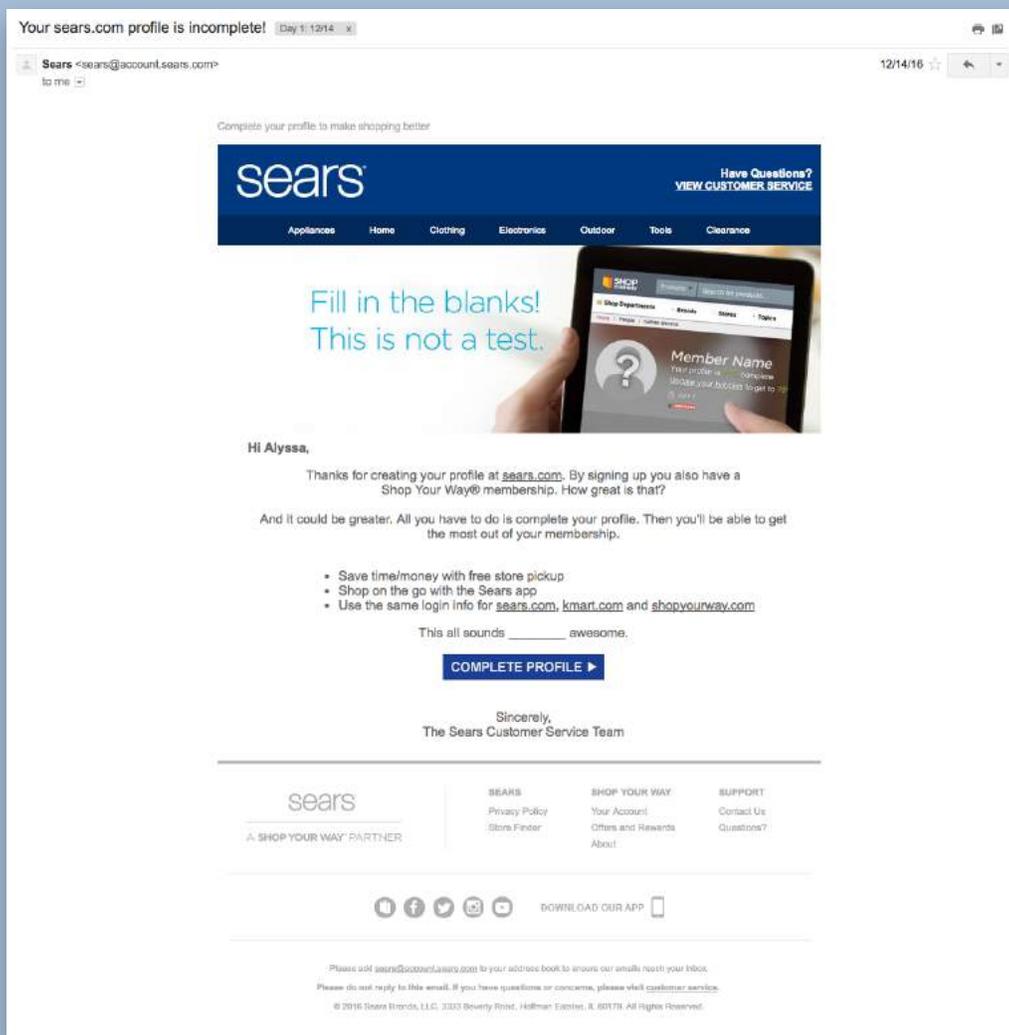
Figure 2:
Now that's more like it, Newegg!



Another issue that sours a customer's opinion of a company is immediately asking to complete a user profile, as seen in the first email sent by Sears (Fig. 3). In a world where consumers' attention spans are dwindling, it's more important than ever to make a good first impression.

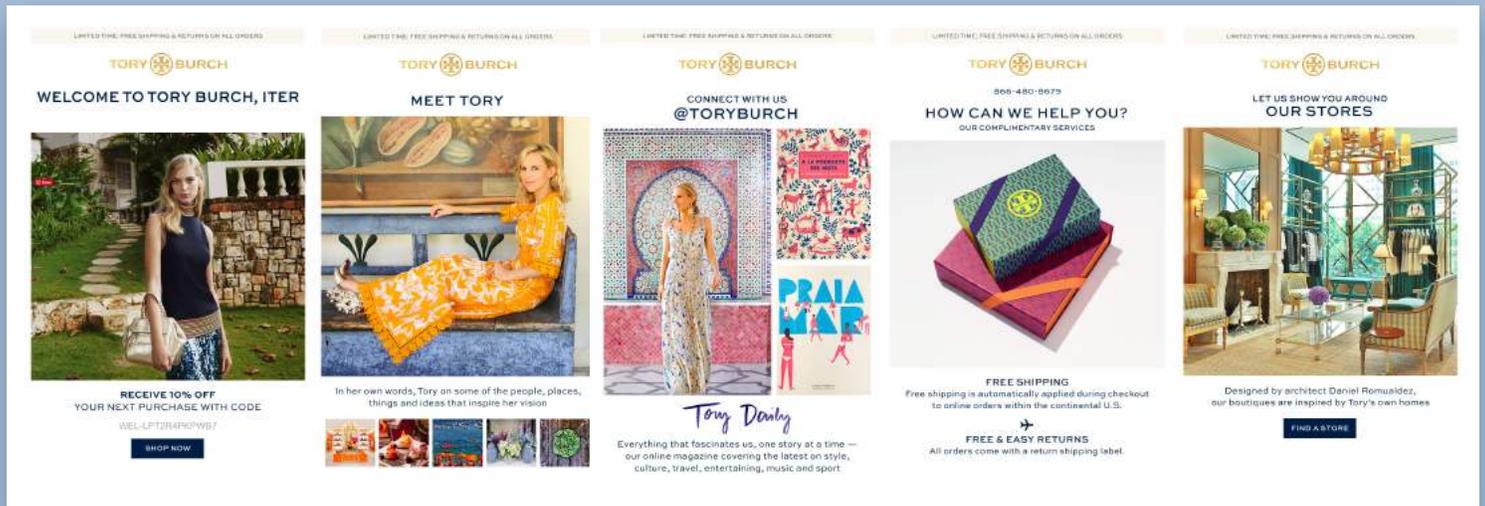
Requests to complete an action, such as providing more demographic information, should wait until a rapport with the customer has been established. During the onboarding stage, the attention should be on how your business can assist the user rather than what you can gain.

Figure 3:
Our first email from Sears demands a complete user profile. Not very welcoming.



With a total of five onboarding emails, the most sent by any of the top 100, Tory Burch exemplifies the power of a well-built welcome series (Fig. 4). After offering new customers a 10% off promo code, the retailer then introduces them to the company's founder, encourages them to connect with the brand on Twitter, informs them of its complimentary services and, finally, shows them the stores closest to their locations. Gorgeous photography and clear calls to action—all businesses could benefit from this lofty level of user engagement.

Figure 4:
Tory Burch stands out with a visually stunning welcome series.



Welcome campaigns may be the most common email marketing strategy, but whether you can relate to the 13 percent who have yet to implement one or plan to improve your existing workflow, here are a few tips to make you stand out among the top 100 e-retailers.

Recommendations

- ▶ **Keep the good vibes going.** Continue building rapport with new users with a welcome series. A popular workflow might send a first email with a discount, then follow-up emails to encourage ways to become involved with the brand, by downloading a mobile application or following the company on social media.
- ▶ **Don't be distracting.** Why send two disjointed messages when one will suffice? You can welcome a new user to your community and thank them for creating an account all in one, engaging email.
- ▶ **Pump the brakes on profiling.** We understand that more user data means more targeted and effective marketing campaigns. The first touch is just not the time to demand a long form fill. A highly engaging welcome email series will succeed in obtaining address, phone number and credit card information—with a customer's purchase.



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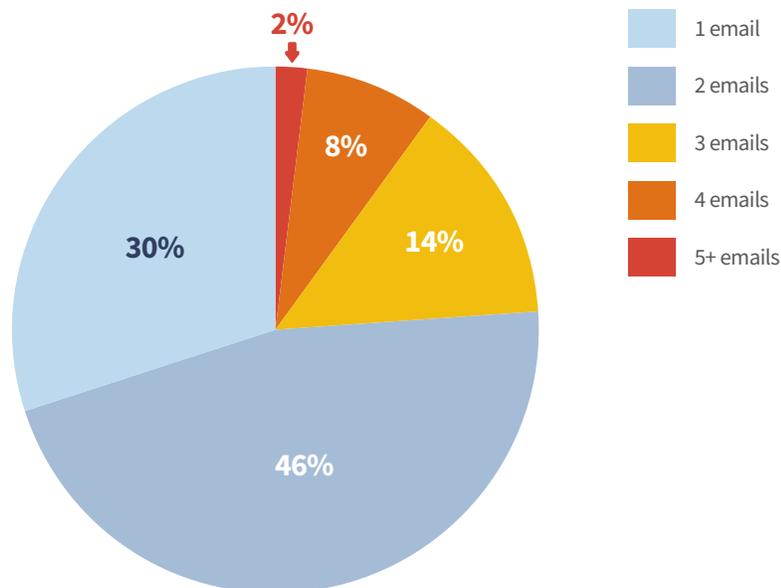
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Cart abandonment campaigns

Data analysis

In addition to welcoming new customers and sending marketing blasts, **50 percent** of the top 100 e-commerce companies send cart recovery emails, typically within 24-48 hours after an item has been abandoned online. Of those e-retailers, 30 percent only sent one reminder, 46 percent sent a second follow-up, and 14 percent sent a total of three emails. Another 8 percent made a fourth attempt, and the remaining 2 percent (only one company, Williams Sonoma) sent five or more reminders.

Of the companies that sent cart recovery emails, how many did they send?



Visual reminders make a stronger impression, which is why **88 percent** of e-commerce companies that send shopping cart recovery emails included a photo of the item that was abandoned during checkout. Incentives, however, were significantly less likely to be included than images: only **four out of 100** businesses offered a type of discount.



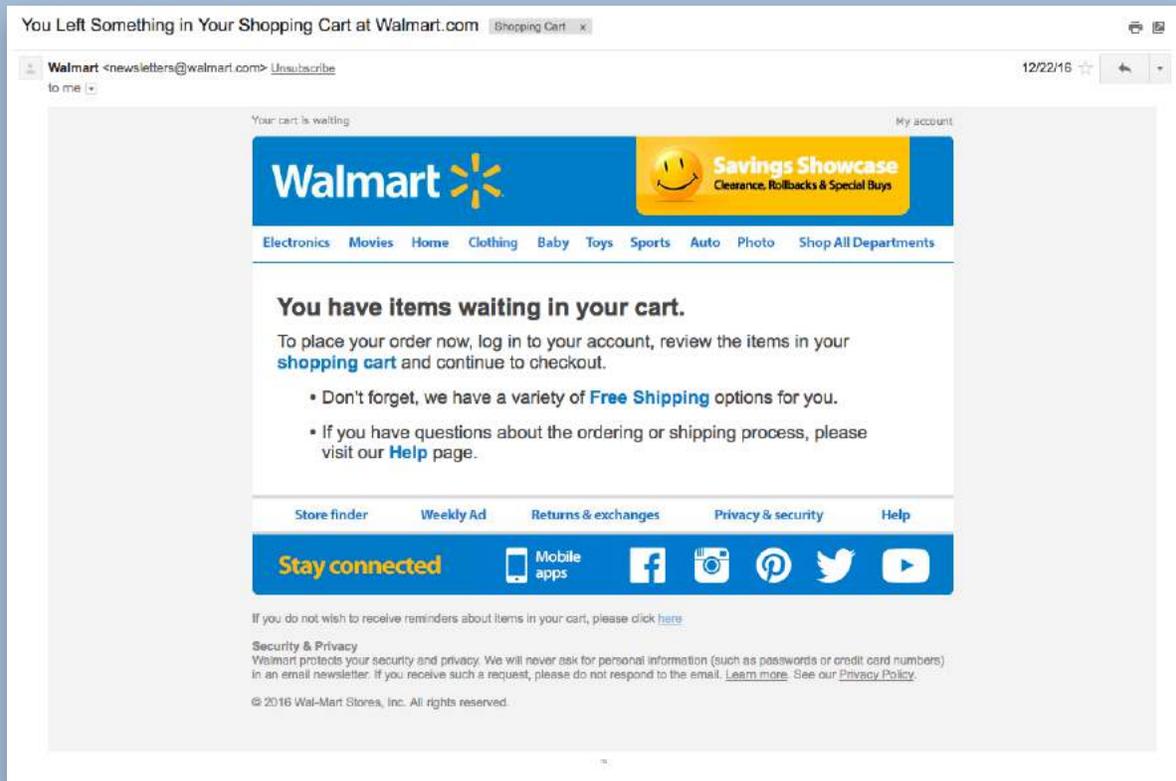
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Interesting findings

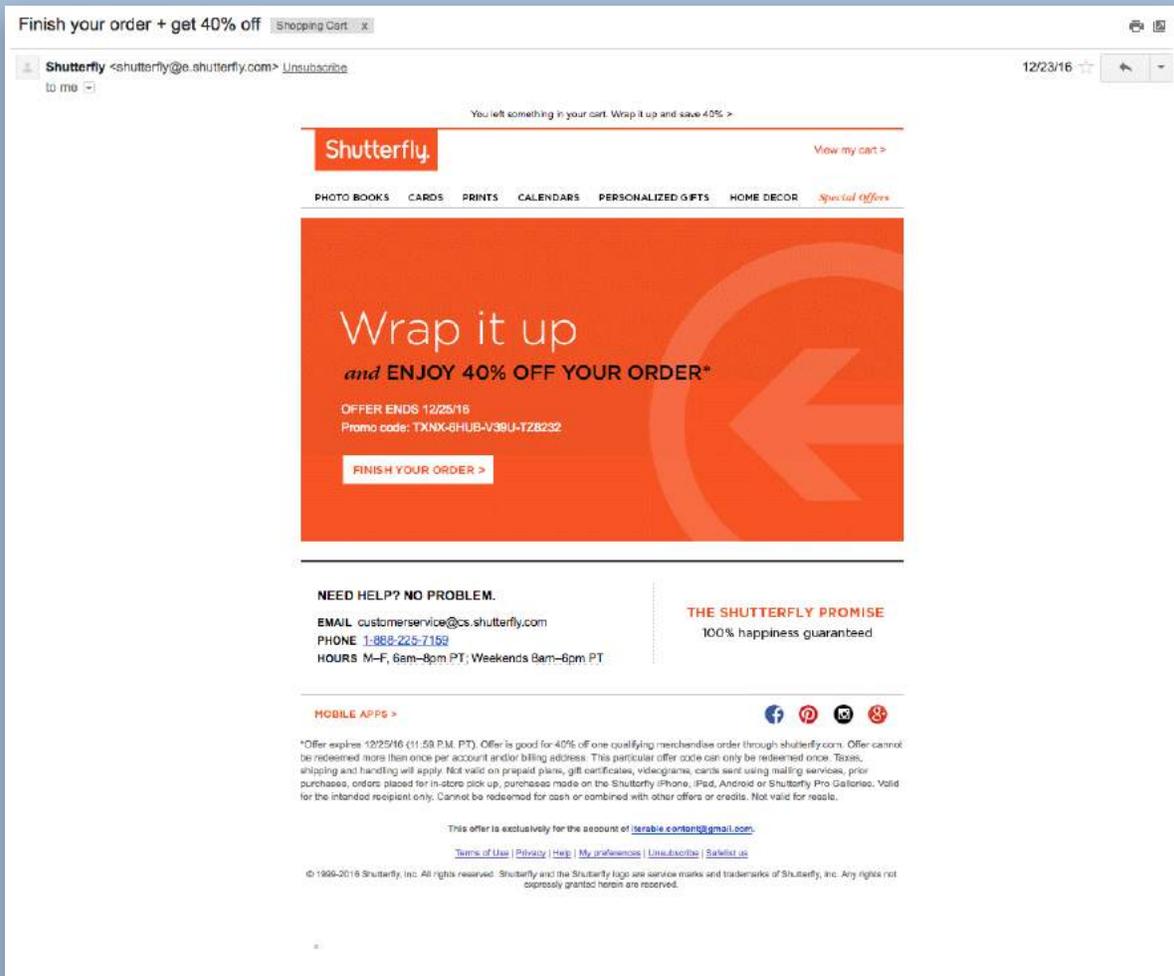
At first glance, it seems obvious to include an image to remind users of what they were considering purchasing. For large retailers like Walmart, this type of dynamic content should be easy to add with the right marketing technology (Fig. 5).

Figure 5:
Adding a product image would be an easy win to increase the ROI of Walmart's cart abandonment campaign.



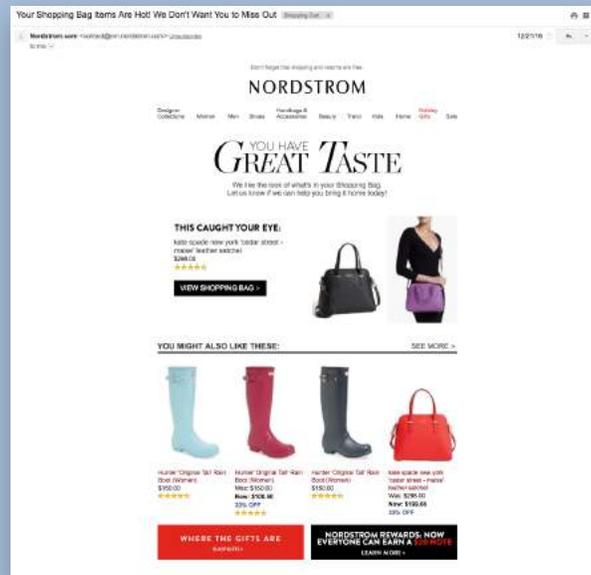
There were a few exceptions to this best practice. Given the complicated nature of personalized products, Shutterfly did not include an exact image of the abandoned item, although a generic version could be added in the future (Fig. 6). Perhaps to make up for the lack of visual appeal, the photo print business included the most generous offer of all recovery emails received: a 40% discount on the order.

Figure 6:
Shutterfly knows that it pays to give back with abandoned cart discounts.



Although most e-retailers pointed out that an item had been abandoned in the email subject lines and copy, companies like Nordstrom stood out for their friendly tone (Fig. 7). Rather than put the onus of responsibility on the user for forgetting an item, the department store used this opportunity to build rapport by complimenting their selections.

Figure 7:
Nordstrom knows that flattery will get you everywhere.



If only half of the industry's leaders have adopted shopping cart abandonment campaigns, then we can only imagine how rare they are among e-commerce companies as a whole. Complete more checkouts with these recommendations.

Recommendations

- ▶ **A picture's worth 1,000 words.** Most e-commerce companies would benefit from and can easily include an image of the abandoned item, as well as similar products the user might be interested in.
- ▶ **Rewards are more effective than reminders.** Offering an incentive, whether it's a percentage discount off a purchase or a free shipping promo code, encourages a customer to complete their order. If you're concerned about a revenue hit from intentional abandonment, then consider reserving the reward for a follow-up email.
- ▶ **Watch your wording.** The tone of your messaging can make a difference, so avoid accusatory phrases like, "You forgot something," or "You're not done yet," which place blame on the customer. Instead, use shopping cart abandonment as an opportunity to assist checkout with helpful or complimentary language, such as, "Nice picks," or "We saved this for you."

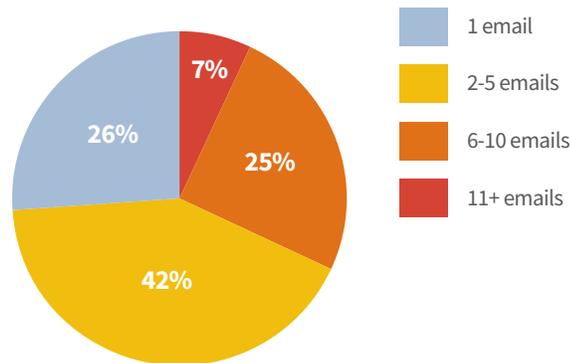
Blast campaigns

Data analysis

Only **57 percent** of the top 100 e-commerce companies sent a blast marketing email within a week of a new user signup, which is especially surprising given that the study was conducted in mid-December during the busy holiday season.

The average number of blast emails sent by an e-retailer was 4.7. Of the businesses that sent blasts, 26 percent only sent one email in the seven days after creating a new account. The majority of e-commerce companies sent between two and five emails (42 percent). 25 percent blasted between six and ten times, and the remaining 7 percent sent 11 or more emails.

Of the companies that sent blasts, how many emails did they send?



Seven of the leading e-retailers (Neiman Marcus, 1-800-Flowers, Avon Products, Build.com, Blue Nile, Hayneedle and Edible Arrangements) were caught by spam filters. Of the two email clients used, Outlook sent more emails automatically to spam than Gmail.

There was a strong correlation between the total number of emails sent and the likelihood that the emails would be marked as spam. A multi-level marketing or atypical business model might also increase the risk, given that Avon was ranked highest with **73 percent** of its emails landing in the spam folder.



There were distinct trends in regards to industry and the number of blast emails sent. Industries with predominantly male customer bases, such as outdoor and automotive goods, were the least likely groups to send marketing blasts. Other industries like toys and entertainment also had low email frequency.

Naturally, companies providing deals and discounts, such as Groupon, send marketing blasts more often, typically once per day. Apparel and floral and gifting were among the industries on the highest end of the spectrum. Neiman Marcus and Rue La La were tied for first with 19 email blasts sent in one week, and competitors 1-800-Flowers and Edible Arrangements tied for second with 12 emails each.

Industries With Highest Email Frequency

-  Apparel
-  Floral and Gifting
-  General E-Commerce
-  Home and Garden

Industries With Lowest Email Frequency

-  Outdoor and Sporting Goods
-  Automotive
-  Toys and Entertainment
-  Grocery and Pharmacy

Interesting findings

Unlike a welcome series or cart recovery emails, blast emails are more loosely defined in purpose and range more significantly in formatting and design. So what distinguishes a good blast from a bad one?

E-commerce companies get an “A” if they make an effort to engage their users with relevant messages, unique visuals, and a clear call to action above the fold. E-retailers that frequently re-use templates, or worse, send the same email repeatedly will lose points with customers.

For example, beauty brand Estée Lauder is fond of this simplistic blast (Fig. 8), sending it five times in seven days with only minor changes to the copy. Although the discount is a nice incentive, the emails are not helpful in informing users about the product line.

Figure 8:
What exactly is being sold here, Estée Lauder?

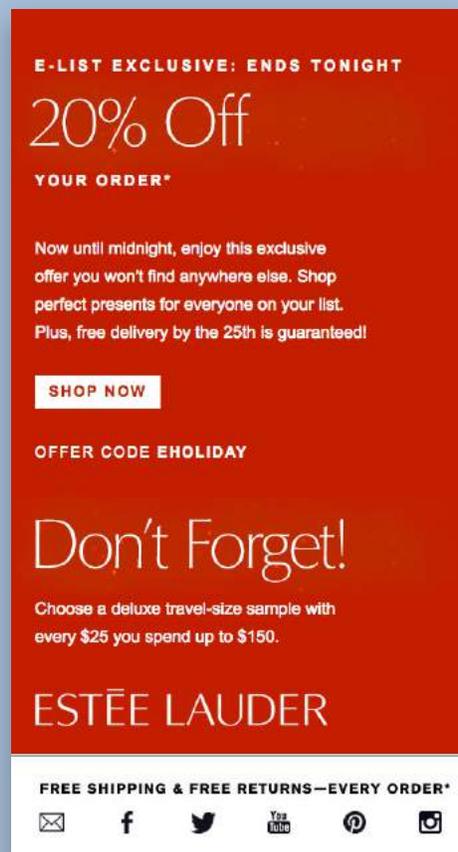
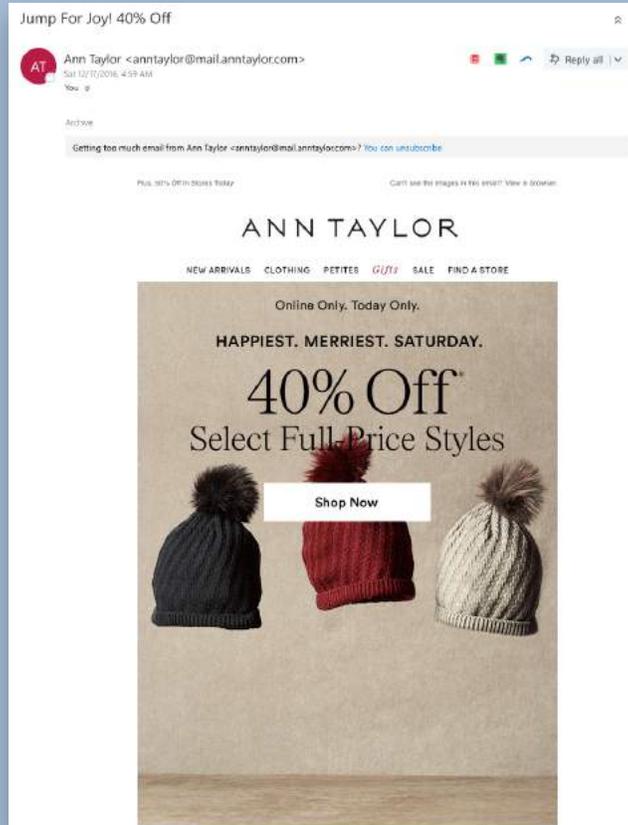


Figure 9:
Ann Taylor's animation catches beanies in mid-bounce.



In contrast, Ann Taylor has prioritized interactive emails with animations depicting its products (Fig. 9). Whether it's with bouncing beanies or neatly stacked sweaters wrapped in a bow, customers of the retailer are more likely to purchase when persuaded by blasts packed with personality.

Lastly, although this may be widely known among marketers, it's worth noting that the number one e-retailer in the country, Amazon, did not send a single email in the two weeks after signing up for a new account, not even one to welcome users. Considering that most businesses are not raking in over \$100 billion in annual revenue, this decision seems too risky for other organizations to make.

Blast campaigns are rife with opportunity to wow current and potential customers. Boost the ROI of your blast emails with these best practices.

Recommendations

- ▶ **Jazz it up!** The most memorable marketing blast emails were ones that contained high visual appeal with animated effects. Although most e-commerce companies have yet to experiment with GIFs, checklists and other interactive elements, we anticipate this trend to expand in the future.
- ▶ **Don't go overboard.** Not all consumers enjoy getting blasted multiple times per day. Consider creating a subscription preference center with customized email frequency, so users can better communicate their preferences.
- ▶ **Test your deliverability.** Modern growth marketing platforms provide the ability to preview how emails will look on each email client, as well as test their send rate. Make sure your emails are ending up in inboxes by avoiding all caps, exclamation points, attachments and other disruptive tactics that trigger spam filters.



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Summary

One might expect a consistent standard regarding the email marketing of e-commerce companies, but the Q1 2017 User Engagement Top 100 Report demonstrates that email quality and extent of email strategy is highly variable even among the leaders in the industry.

Some e-retailers are executing sophisticated campaigns, others remain silent in this particular channel and the rest range widely in between. As a collective whole, however, there is much room for improvement:

- ▶ 50 percent don't have shopping cart abandonment campaigns,
- ▶ 43 percent didn't send a single blast email after one week of signup,
- ▶ And an astonishing 13 percent still can't be bothered to welcome new users.

In our experience, it's not that marketers don't understand how important these tactics can be in increasing sales, it's that they haven't implemented the right technology to set them up for success.

We appreciate you reading the Q1 2017 User Engagement Top 100 Report. You can expect more reports like this to be published on a quarterly basis, covering a variety of industries and marketing channels. Find more whitepapers, customer case studies and detailed User Engagement Teardowns of leading B2C companies at iterable.com/resources.

Using Iterable, growth marketers can quickly build and run high-performance email campaigns to welcome new users, recover abandoned shopping carts and reactivate lapsed customers. Iterable provides marketers with a 360° view of their users via a flexible data model that accepts any data point and can segment users and trigger workflows based on any behavior, event or criteria.



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Appendix

Full list of the top 100 e-commerce companies analyzed in this report:

1. Amazon
2. Dell
3. Walmart
4. Staples
5. Macy's
6. Home Depot
7. Costco
8. Office Depot
9. QVC
10. W.W. Grainger
11. Best Buy
12. CDW
13. Sears
14. Lenovo
15. Newegg
16. Nordstrom
17. Kohl's
18. Gap
19. Williams Sonoma
20. Target
21. Etsy
22. Wayfair
23. HSN
24. Groupon Goods
25. Lowe's
26. L Brands (Victoria's Secret)
27. Overstock.com
28. MSC Industrial Supply
29. Vistaprint
30. J.C. Penney
31. L.L. Bean
32. Toys "R" Us
33. Neiman Marcus
34. Walgreens
35. Fanatics
36. Urban Outfitters
37. HP Home
38. Bluestem Brands (Fingerhut)
39. Lands' End
40. GameStop
41. Shutterfly
42. Nike
43. J. Crew
44. Foot Locker
45. Restoration Hardware
46. Ralph Lauren Media
47. Barnes and Noble
48. Estée Lauder
49. 1-800-Flowers
50. Abercrombie & Fitch
51. Musician's Friend
52. Cabela's
53. Dick's Sporting Goods
54. American Eagle
55. Avon Products
56. Adidas America
57. Bed Bath & Beyond
58. Build.com
59. Gilt Groupe
60. Crate and Barrel
61. YOOX Net-a-Porter
62. REI
63. Hudson's Bay
64. Ascena Retail Group (Ann Taylor)
65. Advance Auto Parts
66. Disney Store USA
67. JustFab
68. Rue La La
69. Blue Nile
70. Kroger
71. 1-800-Contacts
72. Chico's FAS, Inc.
73. Luxottica Group (Ray Ban)
74. Sweetwater
75. Hayneedle
76. VF Corp. (Lee)
77. Eddie Bauer
78. Keurig Green Mountain
79. Oriental Trading Co.
80. Lululemon Athletica
81. Belk, Inc.
82. Nasty Gal
83. Express
84. Under Armour
85. Shoebuy
86. AutoZone
87. One King's Lane
88. MidwayUSA
89. Northern Tool & Equipment
90. Edible Arrangements
91. Bass Pro
92. The Children's Place
93. Carter's
94. Petco Animal Supplies
95. Evine Live
96. FTD
97. TJX (T.J. Maxx)
98. American Girl
99. The Men's Warehouse
100. Tory Burch



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