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The importance of e-mail marketing in e-commerce

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Abstract

Online marketing is an integral part of e-commerce nowadays and includes many different ways of company's presentation, such as e-mail marketing, content marketing, social media, affiliate marketing and so on. The aim of the article is to highlight the importance of e-mail marketing due to the fact, it is considered as one of the most effective communication tools. The part of the article are also fundamental metrics used in e-mail marketing such as delivery rate, open rate and click through rate. In the end of the article are recommendations and suggestions for creating of successful e-mail. The eyetracking technology was also used to analyze the gaze of Internet users at mailbox.

Keywords: E-mail marketing; e-commerce; newsletter; eyetracking.

1. Introduction

Internet can be characterized as a global network of networks to which you can access via computer, mobile phone, PDA, digital TV and so on. The number of Internet users continues to grow and communication through the Internet has become a daily routine. The use of the Internet by companies for their presentation and brand building has become commonplace, even inevitable phenomenon [12]. The associated electronic marketing (e-marketing) refers to the use of digital media such as web, e-mail, wireless media, but it also includes electronic management of customer relationship management as well as management of digital customer data [3, 14]. E-mail marketing, as part of e-marketing, is used to increase site traffic and sales support [5]. It can be defined as a targeted sending of commercial and non-commercial messages to a detailed list of receivers respectively e-mail addresses. Newsletter as a tool of e-

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mail marketing can be also referred to as electronic newsletter. These are the e-mails, usually in HTML format, which are regularly sent to registered customers [1]. Newsletter is now a modern, cheap and popular marketing tool [10].

2. Objective and methodology

The main objective of the article is to highlight the importance and effectiveness of e-mail marketing and newsletter in conditions of electronic commerce. To fulfill the objectives of article carried out an analysis of essential elements necessary for the implementation of marketing activities in the Internet environment (the number of Internet users, the percentage of made electronic purchases, the number of e-mail users, etc.). A secondary objective are recommendations how to implement and measure the success of e-mail marketing campaigns.

Experimental user testing using the eye camera has been implemented to meet set goals. Fourteen respondents age 23 - 45 participated on the user experience testing. The participants were shown sixteen different advertising e-mails of Slovak companies, in terms of content, structure and layout of the template. As a method for user testing was selected a free observation method and Testing was realized in The Human-Machine Interaction Laboratory worked within University Science Park of University of Zilina. The testing was split in two basic stages, namely testing of e-mail inbox and testing of the body of the e-mail itself. The selected results of user testing by eyetracking technology is described in the end of the article.

3. Analysis

One of the most significant changes in recent years is the development of the Internet, which dramatically changed the way business itself. The number of Internet users is growing since its beginning and its actual status is shown in Table 1. The statistics are reported to 30. 11. 2015.

Table 1. Internet usage statistics in selected countries [4]

Country	Population	Internet users	Penetration (% of Pop.)
Slovakia	5 421 349	4 507 849	83,1
Czech Republic	10 538 275	8 400 059	79,7
Austria	8 584 926	7 135 168	83,1
Hungary	9 849 000	7 498 044	76,1
Poland	38 005 614	25 666 238	67,5
Europe Union	507 970 816	402 937 674	79,3

Improving the quality and coverage of the Internet network, either in Slovakia or abroad also demonstrate annual growth of e-commerce [11]. The number of Internet users who use it for online purchases is shown in Table 2. The table shows the percentage of the population in selected countries, who have made at least one online purchase in a given year.

Table 2. The percentage of the population who made a purchase via the Internet [4]

Country	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Slovakia	50	48	44	45	37
Czech Republic	45	43	36	32	30
Austria	58	53	54	48	44
Hungary	36	33	29	25	22
Poland	37	34	32	30	30
Europe Union	53	50	47	44	42

E-mail marketing is currently the most used form of direct marketing in condition of Internet. It is an inexpensive, yet effective form of addressing on whether potential or existing customers [2]. When planning an e-mail marketing campaign, it is necessary to define whether it is an e-mail, which will be the nature of the communication or of the sales. Today, many companies and marketers combine these channels, in order to increase website traffic and increase sales revenues [6, 7].

When using an e-mail marketing, it is necessary to keep several important metrics for the successful e-mail campaign. The most important metrics are *Delivery Rate, Open Rate and Clickthrough rate.*

3.1. Newsletter

Newsletter, regardless of the type of communication (B2B, B2C) performs the following tasks [9]:
a) recalls the existence of the company,
b) provide information to customers and to potential customers,
c) raise the credibility of the brand,
d) leads readers to ordering products or services and
e) to receive feedback.

However, newsletter can also be used for other special occasions, such as community building. It is important that the newsletter provides useful information. Otherwise, the people may unsubscribe the newsletter and trust in the brand of people is decreasing [14].

Great importance is also the design of newsletter, its creativity, size, content, semantics and other properties of the e-mail. An important role is also played by the time of sending the newsletter, evaluating individual campaigns and other technological aspects [6].

According to the Law on electronic communications, the newsletter should be sent only to readers who signed up for the subscription. Otherwise, it comes to sending spam, what may lead to penalty. The easiest way to enable the subscription of a newsletter is placed it on the website.

Newsletter, along with an e-mail marketing is considered as one of the most effective channels in terms of ROI (return on investment) and up to 68% of companies using this method of marketing marked this tool as an excellent, respectively good channel, see Figure 1.
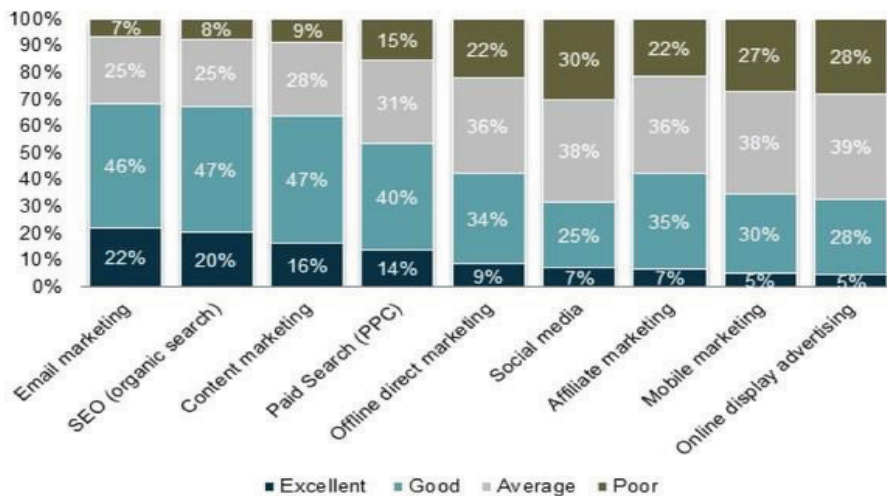

Fig. 1. Statistics of marketing channels from the perspective of ROI [3]

4. Results

The important factor in measuring the success of e-mails and all related marketing activities is to correctly define the desired results. Best way to measure is an evaluation of collected data after the user clicks on the e-mail address and redirects it to the Web. In this context, it is very useful and also the most common Google Analytics. It provides an overview of page views and time spent on the site, bounce rate, the number of conversions and revenue generated by e-mail campaigns. Table 3 provides the data of website traffic from newsletters for selected online bookstore per month. Data from the table provide a basis for the calculation of selected metrics of e-mail campaigns that the company has defined at the beginning of the campaign.

Table 3. The example of statistics for the calculation of selected metrics used in condition of newsletter [4]

E-mail ID	Website traffic	Revenue	Number of transaction	The average value of purchase	Conversion rate	Revenue per one visit
1	8 914	7 848,02 €	278	28,23 €	3,12%	0,88 €
2	7 145	6 545,51 €	267	24,52 €	3,74%	0,92 €
3	4 059	4 334,44 €	158	27,43 €	3,89%	1,07 €
4	1 753	1 757,89 €	65	27,04 €	3,71%	1,00 €
5	1 650	2 149,60 €	71	30,28 €	4,30%	1,30 €
6	1 590	2 508,96 €	83	30,23 €	5,22%	1,58 €
7	865	1 247,55 €	46	27,12 €	5,32%	1,44 €
8	838	1 143,05 €	42	27,22 €	5,01%	1,36 €
9	724	302,73 €	20	15,14 €	2,76%	0,42 €
10	481	738,66 €	32	23,08 €	6,65%	1,54 €
Sum	28 019	28 576,41 €	1062	-	-	-

Based on previous results of an experiment relating to eyetracking e-mail users was determined what parts should contain every e-mail. If we relied on the concept of classical sheet it should include an introduction, core and conclusion. The electronic version can also contain a header and footer. An important part of e-mail is a subject that has a strong impact on the reader. When creating the message, it is necessary to take into account the following factors [4]:

- time of e-mail,
- some e-mail programs do not support more than 30-50 characters, which may cause limitation text, message subject should therefore contain no more than 7 words,
- device of e-mail recipient which uses to read the message, eg. computer, laptop, tablet, smartphone, etc. Subject, along with the sender of the e-mail can be displayed in different way in each device.

Eyetracking technology was used to demonstrate the importance of the subject line to ensure primary conversion (to open an e-mail). In most cases respondents fixed their gaze at the first three words of the subject line, see Fig. 2. Later we analyzed the fact, whether the respondents read the entire message subject as well as its pre-header (i.e. information following the message subject). Respondents almost never captured words in the pre-header if the message subject has more than five words. The figure 2 shows that the majority of the respondents read four words at the most. Deeper analysis shown that these are not the first words, but second and third.

Words they focused they primary attention on were: "aren't you missing something", "trending", "special promotion", "large collection", "today is the last day", "beautiful", "only today", "free shipping", "tested products", etc. It can be said that these words represented triggers of subsequent actions, which the respondents carried out based on the e-mail.

Based on the results of testing we were able to identify the area of interest, where the respondents spent most of their time, or which parts of the message (segments) were seen first after opening the e-mail. To identify specific sectors, the SMI BeGaze program has been used, whereby we used its KPI (Key Performance Indicator) and AOI

(Area of Interest) functions. The KPI function split e-mails into sectors with the listing of the average time, the respondents spent on them [8]. The AOI function allowed splitting the email to basic architectural elements (header, head, introduction, top offer, body of the e-mail, end, foot, footer).

Fig. 2. User testing of e-mail subject with eyetracking technology [4]

We identified some fundamental architectural elements of advertising emails: header section, introduction section, main promotion section (top banner ad, text ad) followed by individual sections (based on categories of offered products, grouping offers into section - depends on the length of the email), ending section, foot section and footer. The average fixation time was calculated based on the overall time of fixation on given segments of selected testing emails [4].

According the user testing, the most interesting part of the advertising emails was the main promotion section especially the top banner found in the view sight immediately after opening the e-mail. The second most interesting parts of the advertising emails (in 90% of the cases) were the sections placed immediately after the main banner, which contained the offer of products/services. The third and fourth segments of respondents' interests were the header and the introduction section of the advertising e-mails.

5. Conclusion

E-mail marketing has been long regarded as untrustworthy and customers' unsolicited form of marketing communications. At present, its status has changed and is considered as one of the most effective marketing activities involved in building the brand, improve relationships with customers, getting new contacts and sales promotion company.

Internet is important for business environment for the implementation of marketing activities, which can reach a much larger number of users than the classical marketing, given that their number is still growing.

For the successful implementation of e-mail marketing, company have to establish an explicit objective at the beginning of the campaign and choose the appropriate metrics. The next necessary task is to choose the concept of e-mail that includes appropriately selected subject and relevant content of newsletter with logic CTA elements to achieve the stated conversion. Optimization of the content of the advertising e-mails based on the results of testing by the eyetracking camera can help improve clarity, readability and thus contribute to the positive perception of the e-mail's content. The results of testing represent a basis to improve frequently used metrics designed to evaluate email campaigns on the Internet.

Acknowledgements

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