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E-Mail Still Rules

An Interview with Chad White, Head of Research, Oracle Marketing Consulting

Chad White:

Chad White is the Head of Research for Oracle Marketing Consulting and the author of "Email Marketing Rules".



It remains the Rodney Dangerfield of marketing channels. Taken for granted as a low-cost tool. Often underfunded. Given minimal resources. And certainly, treated with little respect, especially relative to other, more glamorous channels, like TV advertising, or even social media. Yet, amongst all digital channels, email marketing still rules.

Most marketers today cite email marketing as their preferred channel – ahead of organic search, paid search, content marketing and social media. And more than half of marketers are planning to increase email usage over the next year.

Email marketing has stood the test of time. And no wonder. It is affordable. It is customizable. It is measurable. It is extremely effective, done right. It is the best way to engage customers, whose opt-in permission has been secured. And the ROI is unbeatable: for every \$1 spent, it returns \$36.

So why so little respect?

It may have something to do with its antecedents. Email's use as a commercial messaging platform only became common in the mid-1990s as people got their own personal email address. But it really took off in 1996 when free web-based email services like Hotmail led to hyper-growth of the addressable audience. Soon after inboxes were flooded with unsolicited offers. As complaints about "spam" reached a shrill pitch, regulators and ISPs took action. Unwanted emails were blocked out by "junk mail" filters – bad actors were blacklisted – the idea of "permission marketing" came into vogue – and eventually governments responded by ushering in consumer protection legislation like CAN-SPAM in the U.S. and CASL in Canada which made opt-in consent mandatory.

That early "batch and blast" era left email marketing with a tarnished reputation. Recognizing the risk of being exiled to the "spam folder", mainstream marketers responded by improving email practices. Today email is used extensively to facilitate transactions; promote special offers and new products; inform customers of news and events; and drive brand engagement. Advancements in technology have made it easier for marketers to create more interactive "in-box" experiences. And with access to more extensive customer data, they are able to offer more personalized and contextually relevant content.

In fact, email marketing may soon emerge from under the shadow of other digital channels to take the lead in steering the customer journey. But first marketers have to stop thinking of email as an independent channel. They need to design more integrated workflows based on subscriber behaviour. And they need to overcome new constraints, such as Apple's Mail Privacy Protection which makes it harder to know whether messages are actually being opened. Still, email marketing has faced many other dire predictions in the past and survived.

Which is why Chad White is more bullish about its future than ever. A recognized expert on email marketing trends and practices, he has served as lead researcher for many of the world's largest email service providers. His book, "Email Marketing Rules" is now in its 3rd edition. And several years ago he was named the Email Experience Council's Thought Leader of the Year. So Chad White has a strong historical perspective on the evolution of email marketing and a deep appreciation for its versatility and resilience as a marketing tool.

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Stephen Shaw (SS): What makes you so passionate about e-mail marketing?

CW

Chad White (CW): I'm a journalist at heart. And like a lot of journalists, I'm attracted to change. E-mail marketing has changed dramatically during the 15-plus years I've been in this field. I love the pace of change and the constant need for reinvention. Not just the changes in consumer behaviour, but the technological changes. And changes as well on the mailbox provider side and on the ESP side. So, there is no shortage of change.

SS

Email has certainly been a reliable workhorse for marketers. Yet today, people largely communicate through text messaging. What accounts for email marketing's enduring popularity amongst marketers?

CW

Texting is certainly how people prefer to communicate with friends and family. But e-mail is the way that people prefer to interact with brands. Anytime we have a new social media platform, like TikTok or Snapchat, the first thing marketers try to do is crash the party. But what's really powerful about e-mail marketing is that it's a place where brands are actually wanted. It's a powerful channel with tons of capabilities, evolving toolsets, great at personalization, great at segmentation, great at automation. Amazing capabilities that are constantly growing.

SS

Smart e-mail marketers treat it more as a relationship tool, don't they?

CW

Yeah, absolutely. The best way to think about it is as a conversation. You're in this relationship: it starts with permission, and then it becomes an ongoing dialog. This has been one of the things that frustrates me about Apple's Mail Privacy Protection. Apple has put a barrier between us and our subscribers. In my mind, opens are a conversational nod: it shows that people are paying attention. Now with MPP

we can't see those conversational nods anymore. But, yeah, e-mail marketing is this back-and-forth dialog. And AI and machine learning are going to really enable us to take that conversation to the next level.

SS

Looking back, what do you see as the major inflection points in the growth and evolution of the industry?

CW

The arrival of smartphones, smart watches, and voice assistance for reading e-mails. The arrival of CASL, GDPR, CCPA, so lots of laws. Engagement-based spam filtering was not a thing 15 years ago. Advanced analytics, AI, machine learning, predictive analytics, omnichannel orchestration, not a thing. Dark mode, modular e-mail architecture, list unsubscribe, DMARC, JSON for controlling envelope content, AMP for e-mail, CSS-based interactivity. All of those are major, major changes.

SS

What have been the biggest changes?

CW

I would say smartphones, for sure. Because now e-mail is mobile – it's with you all the time. So, the immediacy with smartphones and e-mail is super powerful. The next one, better laws. I am not a fan of CAN-SPAM. I know that here in America we like as little regulation as possible. I think CAN-SPAM has done just tremendous harm to e-mail marketers because it has set exactly the wrong expectations for how to succeed. Because we are really not an industry governed by laws – we're really governed by consumers and by the mailbox providers. And with CAN-SPAM, if you were just to follow the letter of that law, you would be blocked all over the place – you would have a dismal e-mail marketing program. Regulations like GDPR are way more in line with what consumers expect from us. And I know initially there was a ton of adverse reaction to GDPR. Now the industry has largely accepted that it is actually a good thing – respecting consumers, being in line with their expectations, that's a big plus for us.

The third one I would say that's really huge is engagement-based filtering. It used to be that if you just sent e-mail and people didn't complain, you were good to go and your e-mails landed in the inbox. So, we bulked up our lists with tons of people who wouldn't complain, but didn't really engage, and we used that to drive down our spam complaint rates so that we can continue to get to the inbox. And now the mailbox providers require us to send stuff that doesn't

irritate our subscribers. Which is exactly what we should be doing. And so that's been really, really powerful and has caused this shift from quantity to quality. E-mail marketing success is largely driven by a relatively small group of subscribers. So engagement-based spam filtering has been a major sea change that's also slightly under threat from MPP, unfortunately. We'll have to see how that all plays out.

SS

The rise of content marketing would certainly be another inflection point, is that fair to say?

CW

I think that's absolutely fair to say. E-mail marketing and content marketing make a great tandem. Someone on the newsletter team at the New York Times once said that their e-mails are the personalized home pages for their subscribers. And I think that's a really beautiful way to think about it – being able to get the right content in front of the right people to really engage them.

SS

What makes an effective e-mail program? What are the most important things to get right?

CW

One of the frameworks in my book is the “Hierarchy of Subscriber Needs” which has four levels. It starts by creating respectful e-mail experiences – that's everything to do with permission. The next level up is functional e-mail experiences, and so that's design, QA, making sure your e-mail is accessible to everybody. And then it's valuable experiences which are about the content and the value that you deliver. And lastly, it's remarkable experiences – content worth sharing with someone. So, you do have to get the basics right. If you've got poor permission practices, if the unsubscribe process is unfriendly, if you're not optimized for dark mode, if you're not accessible, you create friction before your content has a chance to be seen.

In terms of what's most important, I think it varies. First of all, start with your goals for your company. What are you trying to achieve? And then how can e-mail be a part of achieving that success? And then, what kinds of campaigns can we do that align with those goals?

SS

Well, that's really strategy, isn't it?

CW

Yeah. But sometimes we jump past that.

SS

Of course we do. Most marketers jump right to tactics.

CW

Yeah. Because e-mail can do all kinds of things, right? It can generate direct sales, it can generate great engagement, it can help with retention for subscription-based companies. There's not just one way to use it.

SS

With so many ways to use it, do you see organizations struggling to make their programs more cohesive?

CW

I think it gets more challenging when you start talking about omnichannel. That's where you see marketers bumping heads. We've reached the stage of e-mail marketing where some of these whiz-bang, powerful tactics can get overused. So, for instance, overusing segmentation – being too targeted. And I feel there's definitely risks with personalization in the same way, right? What we lose there is discovery. And so I think there's a potential risk of overdoing those things. You still need broadcast e-mails. And absolutely batch-and-blast e-mails have been overused historically. But one-size-fits-all messaging is still really valuable because you can follow up with segmentation, you can follow up with automation.

SS

Where do most marketers have trouble with e-mail marketing?

CW

Well, I think one of the big areas is metrics. I think as an industry, we focus way too much on campaign-centric metrics - sending a campaign, seeing how that campaign did, and then moving on to the next campaign. The honest truth is that you need to pay attention to all the metrics. Campaign metrics are important, but we've given it too much weight to the exclusion of other things. The way I like to think about metrics is in a few different buckets. So, there's channel campaign metrics, like opens and clicks. Those are important for seeing how one campaign did versus another campaign. There are channel health campaigns, so that's things like bounce rates, unsubscribe rates, complaint rates. But business executives don't care about really any of those, right? They care about top-line numbers. “How much revenue is it bringing in? How is it helping us retain our subscription clients?”. And I think the smart companies are also focusing on customer lifetime value which is a metric that I truly love. I feel like it should be everybody's North Star.

SS

Is the main challenge that it's actually difficult to prove incremental lift?

CW

Absolutely. If you're using last touch or first touch, you're just wildly out of sync with how consumers shop today. In the early 2000s, consumers used to engage with an average of two touchpoints. And I think today it's almost six. When people shop, they're influenced by lots of different events, and it's not just the first one and it's not the last one. The politics of attribution models is really thorny because marketing is still largely organized around channels. And so there's competitive groups. We battle each other for budget. What you need is a more collaborative way of working together. People don't experience a marketing channel - they experience a brand. But in terms of just e-mail marketing, it's tricky. Because I think traditionally e-mail marketing has been under-credited. One of the things that we're seeing more and more of our clients do is running what are called "withhold studies" - creating a universal holdout group. And that gives you probably the cleanest look at what that lift is from your e-mail marketing program.

SS

How are organizations today structuring their communications around customers? Who provides the oversight, the governance? Who drives the strategy across channels?

CW

I still think it's largely the CMO controlling all of that. A byproduct of the pandemic is that there's been such rapid change in consumer behaviors that a premium is now put on speed and agility. And so that has caused different disciplines to coordinate messages. In e-mail marketing, we've seen adoption of modular e-mail architecture. It reduces e-mail production time by anywhere from 25% to 40% - so a much faster way to build e-mails. And it also just so happens that a modular approach is fantastic for A/B testing, fantastic for personalization.

SS

You hear the term "personalization" and "scale" a lot these days. How does that apply to e-mail marketing?

CW

When I started 15 years ago, personalization was a first name mail merge, putting the subscriber's name either in the subject line or in the body content, and addressing them by name. And that was it - that was largely what personalization was. Nowadays, if you put someone's name in a subject line, you're almost as likely to turn them

off as you are to get them excited because it's become such an empty gesture. It's a thing that a lot of phishers and spammers do, right? It doesn't really mean anything. What consumers today want to see is, "Are you using the data that you've collected about me to serve me, to make my life better?" Today we're using machine learning and AI to sort through tons of SKUs, tons of pieces of content, analyzing affinities and recognizing patterns, and putting the right content in front of people. And so when we talk about personalization at scale, we're talking about AI and ML. That's the future.

SS

Is the obstacle to better personalization the fact that organizations are still struggling with data?

CW

You're absolutely right. If you're a multichannel retailer, you do need something like a CDP [Customer Data Platform] to build that "golden record", to get everything in one place. And that's obviously a really hot area right now. That's a focus for Oracle, frankly. And that's exciting, that's super exciting. Because, again, customers live in an omnichannel world and brands, as always, are playing catch-up.

SS

Who would you look to as models of e-mail marketing today? What companies stand out in your mind and why?

CW

Someone like Uncommon Goods I really like because they have a unique voice and they have products you can't get anywhere else. Or a ModCloth, unique products, unique voice. REI, where they have a very particular brand voice, as well as brand values that are really clear. Someone like Quiksilver, also very clear brand values. Certainly, a company like a Netflix or a Amazon. They're about data rather than brand personality in any way. With Amazon it's a very transactional relationship. But they do that so well, they're obviously incredibly successful.

SS

Being seen as having distinct values does make it easier to have conversations with customers who share the same worldview.

CW

Yeah. One of the things I love is the intersection of e-mail and loyalty. And the exciting thing that's happening right now is that you're starting to see loyalty programs become engagement-based communities. So, for instance, Nike has a very good loyalty program that's all about sports and fitness. Sleep Number is another good one - they're one of

our Oracle Crowd Twist clients. That's a really interesting one because their program is all about getting a great night's sleep. It's not about selling another mattress. It's about this community of people who want to get an awesome night's sleep. And so they have lots of polls and lots of content about the right kinds of pillows and "Do you crack open your window at night?" and "What kind of blankets do you use?" and "Do you sleep with your pet?". All of this stuff about "How do I get a better night's sleep?" And the goal isn't to sell another mattress to someone who already has a Sleep Number bed, it's to have these people become evangelists for the brand and bring in that next new customer.

SS

There's a nice symbiotic relationship between e-mail and social media.

CW

Absolutely. Social was one of those channels that was supposed to kill e-mail, right? Facebook Messenger was supposed to kill e-mail. Google Wave was supposed to kill e-mail. At one point I saw someone saying RSS was going to kill e-mail, which is just ridiculous. And I think this is really a result of the fact that nobody owns e-mail marketing. It's what I call "granted media", where it has distributed ownership. Nobody defends e-mail because nobody owns it. So it does get kicked around an awful lot. But we go through these ebbs and flows. For instance, coming out of the first year of the pandemic, e-mail marketing was the main channel that brands used to commiserate with their customers about COVID and explain their policies. It was just incredibly central to a really good conversation with customers. That glow lasted until Apple came out with MPP, and then all of a sudden we were back to, "Oh no, MPP is going to kill e-mail".

SS

There was a lot of handwringing around MPP. Will it force marketers to be more selective about who to mail based on more than just the open rate?

CW

I think there are definitely some positive things about MPP, and I think one of them is that it's going to force marketers to look more broadly at the experience of their subscribers and their customers. I think that's all a plus. I have very mixed feelings about MPP. I understand why it was done, but I do feel we got tarred by what the digital advertising industry was doing. E-mail marketing is largely a permission-based channel. People want it. There is nothing

nefarious going on. But Apple is staking their brand on privacy. To get back to your original question, the thing that is problematic about what Apple did is that opens were the primary way that brands determined whether or not someone was engaged with an e-mail. And so if you weren't opening, you would stop getting e-mails, or you would go into a program where you'd receive way fewer e-mails. And that's a very good thing. I talked earlier about engagement-based spam filtering pioneered by Gmail. And opens were a fantastic signal to identify these active e-mail marketing audiences – to know who to e-mail and who not to. Knowing when to stop e-mailing people is part of my "Hierarchy of Subscriber Needs". Apple has taken away part of our ability to see that. So, by necessity, we have to look at other metrics. And e-mail clicks is an easy one to fall back on. But there tend to be eight times more opens than clicks. So, clicks are just not a frequent enough signal to be able to rely on that alone. You need other signals. And so, yes, marketers are going to have to look at customer activity more broadly and use that as a proxy for subscriber activity because they've got no other choice.

SS

What's ahead that's going to keep email marketing interesting for you?

CW

Probably the most exciting thing long term is AI and machine learning: the right message to the right person at the right time. And increasingly, in an omnichannel world, the right channel as well. Also, AI-powered copywriting tools – trying to say things in the right way that are going to appeal to your subscribers. I think long term there's tons of promise there. Send time optimization, that's really valuable. AI and ML are going to do wonders there. Audience segmentation – to be able to select audiences based behavioral patterns. So, I think you're going to see a lot more AI/ML in the future.

SS

What about making email more of a self-contained interactive experience?

CW

I'm not really sure which direction we're going to go. We've had CSS-based interactivity for a while. We now have AMP for e-mail. But I'm a little hot and cold on AMP. And not because of AMP itself, or because of Gmail or anything. I think the pandemic has just taken a lot of the wind out of AMP's sails. Everyone is trying to get simple and lean and fast, and that's the opposite of AMP. With AMP you create

Interview

an entirely new e-mail to send along with your HTML campaign. AMP does amazing things - I love this idea of doing more in the inbox. Because fewer clicks is good for everybody. It makes for a more seamless, frictionless experience. But I honestly don't know which way that's going to go. It might be that we revert back to e-mail being a gateway to an app, to a landing page. We'll see how that shakes out.

SS

Right. Well, one thing we know for sure, e-mail is not going away any time soon.

CW

Absolutely not.



Stephen Shaw is the chief strategy officer of Kenna, a marketing solutions provider specializing in customer experience management. He is also the host of a regular podcast called Customer First Thinking. Stephen can be reached via e-mail at sshaw@kenna.ca.

