DIRECT

Shop.org Study Shows Healthy E-mail Metrics

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E-mail to house files is the No. 1 marketing tactic used by online retailers with 92% saying they use it and 93% saying they plan to give it higher priority in 2008, according to Shop.org's State of Retailing Online 2008: Marketing Report.

And it's no wonder. The metrics speak for themselves.

According to the study of online retailers with average house files of 2.8 million names, an average of 50% of address holders on these lists have made at least one purchase from the retailers' Web sites.

Also, retailers in the study said an average of 52% of their customers have opted to receive marketing e-mail from them, just 6% opt out annually, their average click-through rate is 11%, and their average conversion rate defined as percentage of total click throughs is 4%, the study conducted by Forrester Research on behalf of Shop.org said.

Not surprisingly, e-mail to house files is also one of the least expensive tactics in terms of cost per order, with an average CPO of $6.85 at an average dollar value of $120.27 per order.

The only online marketing tactic driving lower costs per order was "new portal deals," with an average cost per order of $5.41 and an average order value of $42.50, the study said.

Comparatively, paid search delivered sales at an average $19.33 cost per order with an average dollar value of $109.17 per order, the study said. Also, affiliate programs average cost per order was $12.24 and average order size was $122.51, according to Shop.org.

Meanwhile, the most popular e-mails retailers use are transactional, with 95% of online retailers saying they send e-mail to confirm product shipments and 94% saying they send purchase confirmations via e-mail.

Meanwhile, though marketers have long given targeted e-mail high marks, relatively few have yet to do it.

Though 73% of those who said they use the tactic rated sending customized e-mails based on customer behavior or purchase data as "very effective," just 42% said they do it, according to Shop.org.

A somewhat higher 58% said they segment e-mail files based on stated preferences and purchase data. Of those, 67% rated the tactic as very effective.

In the same report, Shop.org predicted online sales excluding travel will hit $204 billion in 2008, an increase of 17% over last year.

The top three categories will be apparel at $26.6 billion, computers at $23.9 billion and autos at $19.3 billion, according to The State of Retailing 2008 Marketing Report.

Online commerce is expected to account for 7% of all retail sales in 2008, and will top $300 billion in five years, the report said.

The survey was conducted in February and March by Forrester Research. The effort resulted in 125 complete and partial responses across a variety of industries, according to Shop.org. Thirty seven of the respondents had been operating online for nine or more years, 24 said their online sales were more than $100 million a year, and 50 said the Internet was the primary channel of interaction with customers, Shop.org reported.