The transactional email report

Benchmark data and analysis for connecting purchase behavior to email marketing

Experian
Marketing Services

An Experian white paper
**Introduction**

Transaction-related emails, triggered by customers' buying behavior, can provide marketers with great opportunity for improving customer service, gaining repeat sales and deepening customer engagement.

Plain text ecommerce notifications such as order, shipping, and return/exchange are obsolete. The progressive email marketers of today send branded, relevant and engaging HTML messages to take full advantage of the high level of customer interest and brand engagement that naturally follows a purchase.

To gauge the impact of and determine optimal best practices for these powerful transactional emails, the Experian CheetahMail Strategic Services team analyzed the performance and content details within order, shipping and return/exchange confirmations compared with mass bulk promotions deployed by the same businesses from March 2009 to February 2010. The analysis clearly shows that transactional emails are definitely worth the investment, with revenue per email, transaction rates, opens and click rates far exceeding bulk mail averages.
Transactional email benchmarks and trends
High revenue per email results and strong transaction rates demonstrate the significant monetary value that transactional messages can add to any email program. Compared with standard bulk mailings, the average revenue per email is two to five times greater and can be up to six times greater than the all-industry average of $0.13. Experian CheetahMail’s analysis showed an average revenue per email for order confirmations of $0.75, while shipping confirmations and returns/exchanges pulled $0.53 and $0.80, respectively.
Furthermore, transaction rates soar eight times higher than bulk mailings for order confirmations and four times bulk for shipping- and return/exchange-based messages.

**Transactional emails provide significant lift in transaction rates**

<table>
<thead>
<tr>
<th>Category</th>
<th>Transactional emails</th>
<th>Bulk mailings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order</td>
<td>.76%</td>
<td>.09%</td>
</tr>
<tr>
<td>Shipping</td>
<td>.45%</td>
<td>.10%</td>
</tr>
<tr>
<td>Returns/Exchanges</td>
<td>.57%</td>
<td>.12%</td>
</tr>
</tbody>
</table>
Customers engage with transactional emails such as order, shipping and return/exchange notifications at a much higher rate than they do with promotional and branding-focused campaigns. It is clear from the total open rates that customers open transactional emails repeatedly. The exceptionally high open and click rates underscore the opportunity for companies to cross-sell products and services to highly engaged customers through transactional emails.

Total open and click rates for transactional emails are very high

<table>
<thead>
<tr>
<th>Category</th>
<th>Open Rates (%)</th>
<th>Click Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order confirmation</td>
<td>114.3%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Shipping confirmation</td>
<td>107.4%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Return/exchange</td>
<td>96.8%</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

Bulk mailings
Customizing your transactional campaigns

To optimize the display of transaction-related information and maximize cross-sell opportunities presented by transactional messages, the recent customer action should be the main focus of the email. Any images or content related to the transaction, as well as customer service links, should take priority in the email design. After taking an in-depth look at several of these key content features, Experian® CheetahMail® has identified those that create the most positive impact on campaign performance:

Cross-sell items

Buyers are eager to view their order and shipping confirmations. Optimize this high level of engagement by including information and images pertaining to relevant and related products and services in the body of the email. Transactional emails that include cross-sell items have 20 percent higher transaction rates than those without.

Crate&Barrel sends a personalized and branded HTML confirmation, including seasonally relevant items for cross-sell.
Product personalization

Compared with emails that display static cross-sell items, emails including cross-sell items driven by predictive models and recommendation engines have double the transaction rates. With open rates of more than or near 100 percent, investing in personalized content allows marketers to reach a highly responsive buyer segment at an optimal time, resulting in increased transactions. Keep in mind that cross-selling initiatives do not have to focus only on tangible products, but also can pertain to the sale of additional services applicable to the customer.

Bass Pro includes a dynamically populated cross-sell using RichRelevance's RichRecs+Email product in its order confirmation email.
Order status tracking
It is a best practice to make customer service links such as order status/order tracking a priority over standard Website links. Order and shipping confirmations that included a link to order tracking had two times the click rate and 23 percent higher transaction rates than confirmations without status links.

Website navigation
Although customer service links — such as order status, shipping tracking and My Account — should take priority, design the email template to also include some Website navigation. Confirmation emails including limited to full Website navigation produce more than double the click rate of confirmations with no site navigation. However, reduced Website navigation is more effective. Emails including only a few Website navigation links have higher click rates, indicating to marketers that it is not necessary to design the template with full Website navigation.

One Stop Plus includes limited site navigation and has clear, easy-to-find links for order status, billing, returns, questions and credit card applications, as well as a phone number if customers need to speak with the company directly.
Email acquisition
If you are mailing to customers who are not yet on your subscriber email file, include a link to allow them to sign up. Ensure that the messaging speaks to the benefits of the email program.

Offer inclusion
Experian SimmonsSM, consumer data indicates that 78 percent of online adults1 say that they are likely to open emails that include promotions or coupons.2 Interestingly, in spite of high open rates, order and shipping confirmations without offers had 7 percent and 11 percent better transaction rates, respectively, than those with offers. In other Experian CheetahMail studies, such as that of abandoned cart messaging, results indicate that buyers and highly interested segments do not require an offer to make a repeat purchase. Test whether an offer improves the transaction metrics for your business. However, it is important to remember that, per the CAN-SPAM Act, the offer cannot be included in the subject line nor can the offer take priority placement within the message.

Barnes & Noble College includes a link for customers to opt in to the company’s email program and an offer in their shipping confirmation.

1Online adults: adults who spent one hour online in the past seven days doing something other than email
2Experian Simmons Fall 2009 New Media Study. To learn more, please visit www.experian.com/simmons
Social media linking
According to Experian Simmons’ Fall 2009 New Media Study, 68 percent of adults who visit social networking sites say they have become a ‘fan’ or ‘friend’ of a product or brand. Include links to your social media pages to enable your customers to promote your brand. In Experian CheetahMail’s analysis, transactional emails that included links to social media sites had 55 percent higher click rates than emails with no links.

Steve Madden includes links to social media sites as part of its standard footer.
**Transactional email quick tips**

**Remember to say “Thank you”**

Giving thanks matters. All messages related to the purchase life cycle should include some type of messaging thanking customers for their business. Shipping confirmations that did not say “Thank you” had 35 percent lower click and transaction rates than those that included it.

**Maximize branding opportunity**

Use HTML to optimize the look and feel of transactional emails. Including both static and dynamic content pertaining to cross-sell products and services will increase transactions and broaden awareness of your products. When possible, use dynamic recommendation engines, next-most-likely-to-buy models or business rules such as seasonality.

**Enhance the customer experience**

Include links for site navigation, order status, customer service, email subscription and social media. The goal is to make it as easy and inviting as possible for your customers to stay engaged with your brand. When mailing to first-time purchasers, inclusion of a rewards program sign-up link will serve to strengthen brand affinity and stimulate subsequent purchase behavior.

**Comply with the CAN-SPAM Act**

Do not include an offer as the subject line or as the main message. Also, include a message assuring the customer of the security of the transaction, and offer a link to your privacy policy.

**Methodology**

Data in this report was collected by Experian CheetahMail based on the email campaign performance of 35 clients with transactional email programs from March 2009 through February 2010. More than 1,800 transactional emails were compared with the bulk campaigns by client for the same time period.