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Building Brands One Inbox at a Time: An Inside Look at Email Marketing for the Consumer Packaged Goods Industry

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Introduction

Email is a cultural and marketing phenomenon. In its relatively short lifetime, email has become so widespread and so often used that it has firmly been established as an integral part of a multi-channel marketing scheme surpassing other channels in almost every dimension – volume, frequency, and ease of execution, just to name a few. With increasing volumes and the proliferation of spam, this powerful communication channel and those looking to use it face savvy consumers able to weed through hundreds of messages looking for only the most relevant of information.

Email is a vital link between marketer and consumer that can provide consumers with rich information about a company’s products and services and in turn, give a marketer crucial insight into buying behavior. As this study shows, the impact of email extends well beyond the boundaries of opens and clicks on individual campaigns, and must be optimized and measured as an important part of an integrated media mix.

Epsilon’s email branding study was designed to deliver insights on the effectiveness and impact of permission-based email as part of a multi-channel communications strategy. The study delves into a number of different industries: *consumer packaged goods*, financial services, pharmaceuticals, retail and travel.

In this report - CONSUMER PACKAGED GOODS

We reveal findings below regarding consumers’ feelings and reactions to email marketing messages from companies in the consumer packaged goods (CPG) industry. Based on the sample that receive email information from CPG companies, the average consumer has opted-in to email communication from 3.67 different companies.

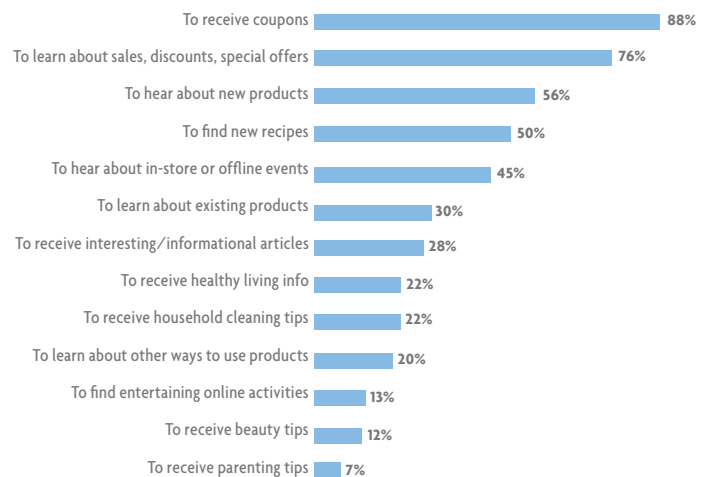
Email opt-in has been driven by savvy shoppers hunting for deals. A number of cost-conscious consumers habitually check their email or search online for coupons before making purchases. And of those who receive permission-based email from CPG firms, 91% say that email is a great way to learn about new products coming on the market.

Impacting lives, one email at a time

While coupons ranked as the number one reason for subscribing to an email list, consumers are also using email communications as a means of gathering other relevant information. CPG companies offer links and e-newsletters on baby care, or healthy lifestyle choices, while packaged foods brands feature recipes and diet information. The efforts of these campaigns are paying off; research shows that the benefits of email marketing campaigns for consumer packaged goods companies extend far beyond the Internet and into stores, homes and lifestyles.

The primary reason respondents opt in to receive email from CPG companies is to get coupons and learn about sales/specials/discounts. Additionally, about half like to hear about new products, recipes and offline events.

Why do you subscribe to receive email from CPG companies? (Check all that apply) (N=556)

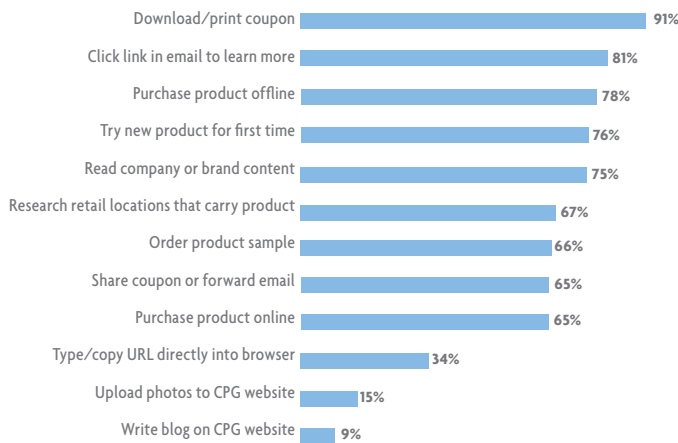


From the computer screen to the supermarket

The study was designed to assess activities that take place offline and therefore cannot be measured through email metrics, yet they still provide benefits in the form of revenue and brand loyalty. While the email marketing channel can track certain consumer behavior such as internet traffic and web purchases, the study results show that email is influencing more than just online purchasing. Well over half of respondents agreed that the emails they receive directly influence their (offline) overall shopping activity. Therefore, CPG companies should use email communications to engage consumers and allow for online and offline interactions with their brands.

Email sent by CPG companies is effective in eliciting action from consumers.

How often do you take the following actions as a direct result of receiving an email from a CPG company? (Check all that apply) (N=556)

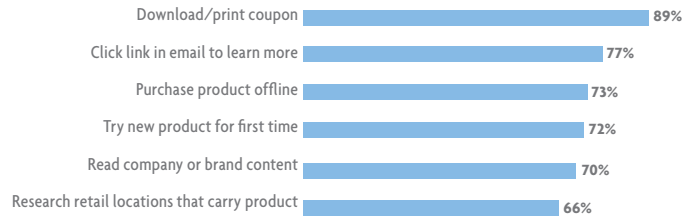


Inside the mind of consumers

Consumers surveyed stated that they appreciate receiving regular emails from CPG companies, even if they don't always read them which shows that the value of email communications extends beyond opens and clicks. In addition, approximately three-fourths of respondents noted that they remember and/or feel influenced by emails received when making a purchase

and if they are in the process of making a purchase decision, an email from a company helps influence that purchase decision.

Please indicate how strongly you agree or disagree with each of the following statements? (Four point scale - Summary of % agree) (N=556)



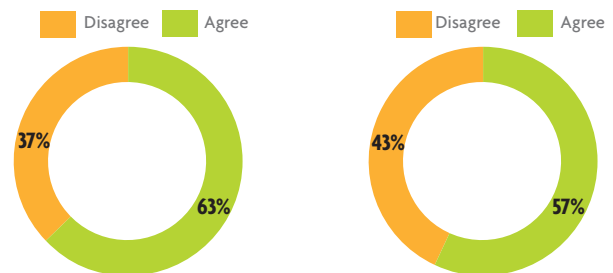
Grow customer relationships and loyalty

The bottom line is that familiarity and loyalty are both links in the customer relationship chain. There's no better way to enhance a CPG firms' customer relationships than by giving consumers personalized, breaking information on your latest products. Brand loyalty is a primary goal for CPG marketers, and as this survey suggests, email is a tool that can effectively contribute towards building loyalty and corporate reputation.

The majority of respondents who receive email from CPG companies have a more favorable opinion of, and are more loyal to those companies.

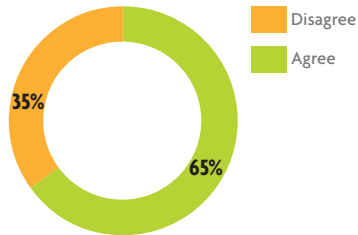
I have a more favorable opinion of the consumer packaged goods companies that send me email because of the communications I receive. (N=556)

The email I receive from consumer packaged goods companies makes me feel more loyal towards those companies and their products. (N=556)



Two-thirds of respondents who receive email from CPG companies want to receive personalized content based on their website activity, past purchases, etc.

Consumer packaged goods companies should send me email with content based on things they know about me (e.g., website activity, past purchases) rather than generic content that everyone gets. (N=556)



Methodology

Epsilon's 2008 email branding study was conducted in October 2008 by ROI Research, of Lancaster, PA, and compiles data from 1,517 responding consumers who receive permission-based email. The study focused on five specific vertical categories: CPG, financial services, pharmaceuticals, retail and travel. Respondents were screened for current receipt of permission-based email in each category. In addition to vertical-specific questions, the survey included a section of questions about permission-based email in general, which was compared to a similar 2005 survey on the same topic. The data has a sampling error of +/- 2.5%.

For More Information

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