

State of Email Marketing in India 2014

First Annual – 2013 trends and 2014 forecast

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Executive Summary

India Online has shifted gears in 2013. More Indian users now access the internet through mobile internet than fixed lines. A deeper proliferation of mobile devices with varied form factors has meant that websites have had to make radical changes in terms of content writing, design and layout.

It is against this background that Email Marketing in India has also gone through a rapid shift. This State of Email Marketing in India report, first of its kind, reviews over 6.5 bn promotional emails sent in India over 2013 (and though this is not 100% of volumes, it is a definitive coverage and the largest of its kind in India for Email Marketing).

We have seen in 2013, that more promotional email campaigns are being consumed on mobile devices than on desktop platforms yet many marketers continue to run campaigns based on traditional practices (rich graphics EDM or mailers optimized for desktop viewing and mouse clicks). The Email Marketing volumes have grown yet many marketers haven't integrated programs into their email marketing campaigns and continue to run this as plain vanilla push mechanisms.

Yahoo email boxes have resurfaced into email campaign volumes in India and have rapidly grown quarter after quarter denting into Google mail share of promotional email campaigns which used to be 70%+ in Q1 2013. We have seen a dip into performance of campaigns targeting Google Mailboxes with the arrival of promotional tabs, and over the last 2 months of the report coverage, we have seen marketers using content strategy and subscriber stickiness to improve their Google Inbox Landing. It is against this context that some of the marketers have used TRANSPROMO (Transaction + Promotional) campaigns to seamlessly integrate the two and increase the Inbox rates.

Finally, for 2014 we forecast that there will be a substantial increase in migration of SMS alerts to Email Transactional alerts. We anticipate Email Marketing Programmatic execution (Cart Abandonment, Re-Engagement, Welcome, Partner Promotions etc.) to gather momentum as there is a direct measurable impact on stickiness and campaign ROI.

We forecast more brands moving away from affiliate campaigns on databases from unknown sources (bordering on spamming) to highly targeted and segmented partner promotions with respected brand publishers with opt-in databases. Somewhere in 2014, more email marketing will be consumed on mobile devices than on desktop platforms.

Top 8 Highlights

1. More users in India access internet through mobile internet than on fixed lines. We have also seen a corresponding impact on email marketing engagement in 2013. Email Opens on Mobile Platforms have doubled up over the last six months of 2013 with Android platform showing a 100% growth. We predict that somewhere in 2014 email marketing consumption on mobile will overtake the desktop share.
2. Most email marketing campaigns are not optimized yet for mobile device form factors (Tablets, Phones, Phablets etc.) and hence are holding back higher rates of returns on investments in Email Marketing. In our assessment, more marketers will deploy responsive design, live content etc. in their email marketing programs in 2014 to increase CTRs and conversions.
3. Marketers have been cautiously integrating their promotional email campaigns and their transactional email alerts. 'TransPromo' as an opportunity to upsell and cross sell, is finally becoming a reality in India.
4. Retail and Travel & Hospitality sectors have been the best users of email marketing channel in 2013 with a sharp increase in the usage by the BFSI sector. We predict a higher usage of email marketing communication in 2014 by companies in banking & capital markets including shareholder communications.
5. Because of the currency fluctuation, CPM rates with international quality ESPs have gone up by up to 25%. Most marketers have begun to realize the importance of email marketing with a larger emphasis on campaign performance and email marketing's contribution to the revenue & other campaign goals, than cheap rates.
6. We have seen an increase in deployment of Proactive Email Marketing Programs like Welcome Email, Cart Abandonment Program, Inactive Subscribers Program etc. in the second half of 2013. We forecast this as a major trend for 2014 with marketers in India moving from manual sporadic interventions to sustained programmatic execution of personalized and targeted email marketing campaigns.
7. According to marketers in India, Content (at 50%), Frequency/Volume of sending (at 46%) and Black Listing/Sender Reputation (at 34%) are the top three factors impacting inbox deliverability rates for Email campaigns.****
8. 36% of the marketers in India feel that a strong anti-spam law like the CAN-SPAM (USA) would help curb the menace of spam in India. A smaller group at 30% believes that a 'code of conduct' for Indian marketers by an industry body like IAMAI or DMAi would be effective. ****

Email Marketing in India: Market Size 2013

2013 has been yet another defining year for the growth of online users in India. While Mobile Internet has already overtaken broadband access, it accelerated with over 130 million users in December 2013 against a user base of 110 million users in October 2013*. Overall the number of internet users in India is estimated to be around 200 million and growing at a double digit rate.

So it is no surprise that online commerce in India is also growing at a very aggressive pace. According to one report**, India's e-commerce market grew at a staggering 88 per cent in 2013 to \$16 billion, riding on booming online retail, and defying slower economic growth and spiraling inflation. The same survey estimates the country's e-commerce market to reach \$56 billion by 2023, driven by online retail.

Even smartphone mobile shipments in India grew at a fast pace. By some estimates***, India's smartphone shipments makes it the 3rd largest smartphone market in the world, right behind the US and China, ahead of Japan, the UK etc. Smartphone vendors shipped a total of 12.8 million smartphones in India in Q3, 2013, resulting in a whopping 229 percent year-over-year growth from the same period last year when 3.8 million smartphones were shipped.

All of this has been positive news for online consumption in India and on the back of this, email marketing has prospered. Once seen as a poor cousin of SMS (or text) marketing or a cheap alternative for spamming, 2013 has been the year of reckoning for the email marketing channel in India.

In addition to the rising volume of email marketing in India, there has been a greater emphasis on quality of email marketing programs by brands in India to connect with the consumers. Industry estimates for India Email Marketing peg the promotional campaigns volumes at 25-30 bn email messages annually in 2013. The exact volume of transactional emails in India is difficult to ascertain (because of the unorganized nature of these communications), it is nowhere near the volumes of SMS transactional alerts which are estimated to be ~45-50 bn messages every year. The continued uncertainty around the SMS channel because of the regulatory environment, has meant that India marketers are shifting to email channel for alerts, notifications and other transactional messages.

Engaging through Email Marketing in 2013

In 2013, we have seen a dramatic shift in how email marketing channel is exploited by the India marketers. This State of Email Marketing in India report, first of its kind, reviews over 6.5 bn promotional emails sent in India over 2013 (and though this is not 100% of volumes, it is a definitive coverage and the largest of its kind in India for Email Marketing). We have seen the volumes grow but more importantly the market has shifted from cheap CPM rates to a focused approach on how to use the power of engagement through email marketing programs.

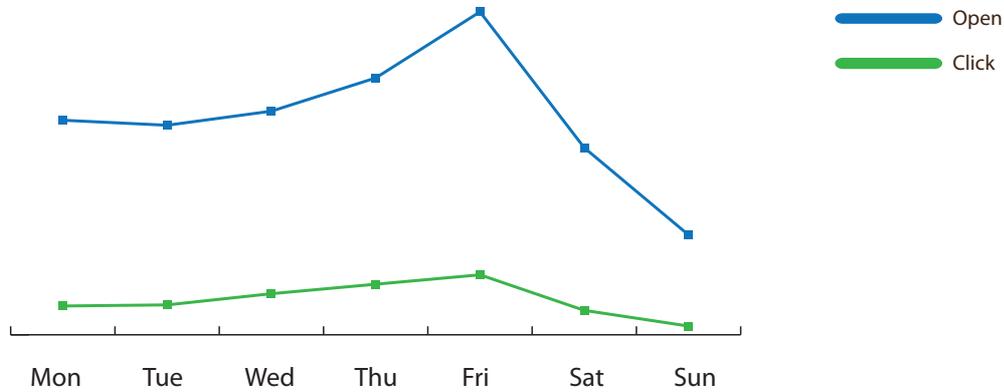
We have seen an increased awareness for opt-in email marketing amongst India marketers and a reduction in requests for buying or renting email subscribers' list. Though spam rates have come down, they still form the majority of bulk email in India.

We have seen the number of email users in India go up along the lines of growth of online users in India as discussed in the last section. Interestingly, Yahoo has recovered market share for email usage in India and has emerged from 16% of all promotional email recipients in April 2013 to 23% share and growing in November 2013. We have seen the dominance of Gmail subscribers reduce from 75% of promotional email volumes in April 2013 to around 50% in November 2013. This can be largely attributed to the success of the Yahoo mail campaign around revitalizing its dormant email subscribers in India. Volume % share for Corporate and other email IDs (other than Gmail, Hotmail, Yahoo and Rediffmail) has grown almost 4 times during the year (from 5% in April 2013 to 19% in November 2013).

We have seen a dip into performance of campaigns targeting Google Mailboxes with the arrival of promotional tabs in Q2 2013, and over the last 2 months of the report coverage, we have seen marketers using content strategy, TransPromo and subscriber stickiness to improve their Google Inbox Landing.

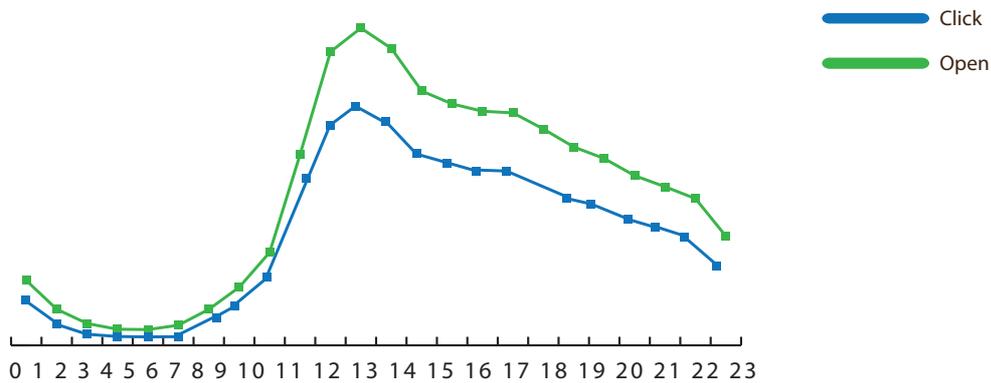
Engagement Rate: Best Hour & Best Day

Online usage in India declines on the weekends and the email engagement rates mirror that. Open Rates and Click Rates are the highest between Thursday and Friday. In subsequent sections, we will see how this varies by different industry verticals.



Best Engagement Rate: Opens & Clicks by Best Day of the Week

Click and Open Rates for Email Marketing Campaigns in India are best achieved between 10am and 1pm on weekdays.

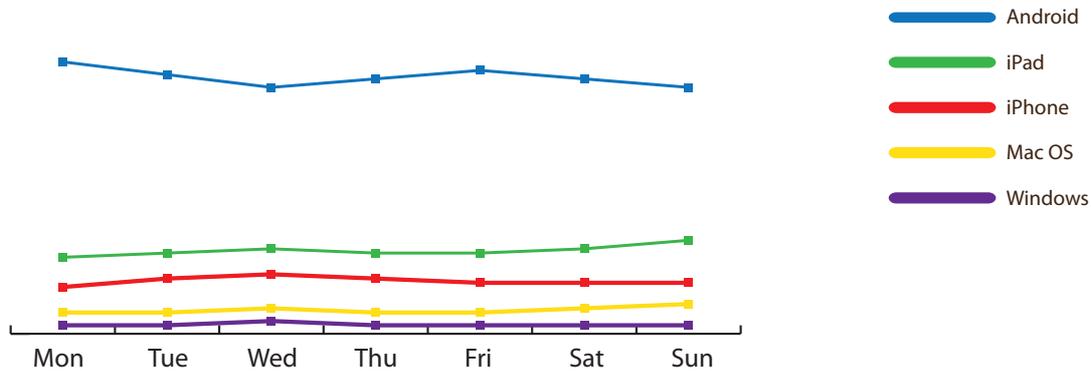


Best Engagement Rate: Opens & Clicks by Best Hour of the Day

Engagement Rates: Best Hour & Best Day by Devices/OS

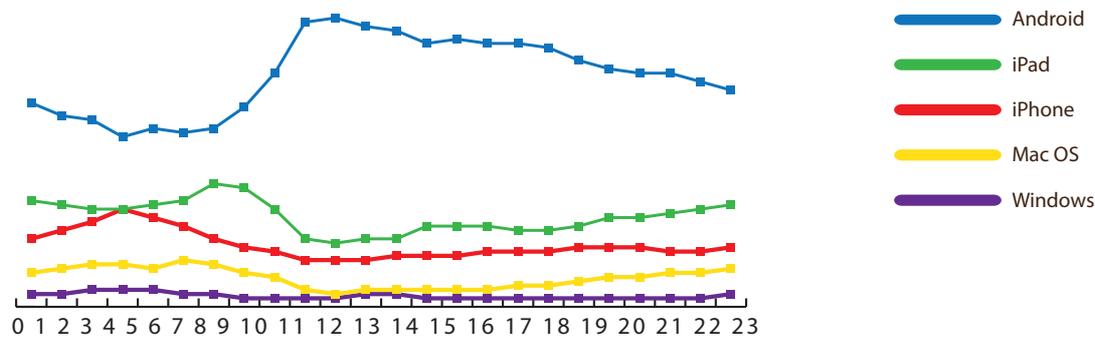
We have seen an increased proliferation of various types of devices and OS in India over the last 12 months. Let's now see how this impacts the engagement rates on promotional email campaigns (Open Rates).

Open Rates by OS/Devices across any day of the week stay fairly consistent with Windows based devices (PCs, laptops) leading the engagement. We see a rise in Open% Share by Android devices on weekends (Saturday and Sunday) which are on expected lines.



Best Engagement Rate: Opens by OS/Devices Across the Days of The Week

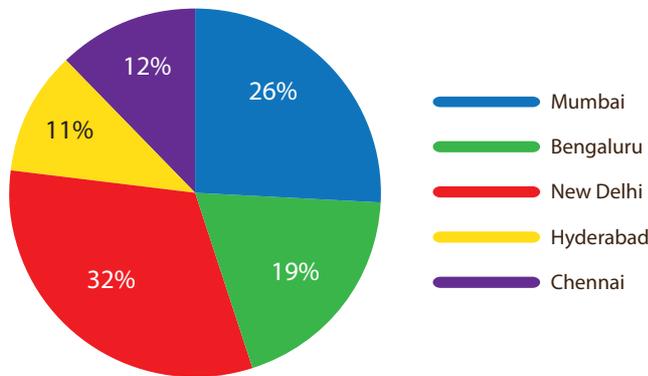
We see a surge in mobile platforms like Android and iPhone in the morning hours till 10am when there's an increase in the Open % Share of email on Windows platform. This can be attributed to the fact that many online users are active during their work day on the desktops and laptops.



Best Engagement Rate: Opens by OS/Devices Across the Hours of The Day

Which City is the most active: 2013 Open % Share

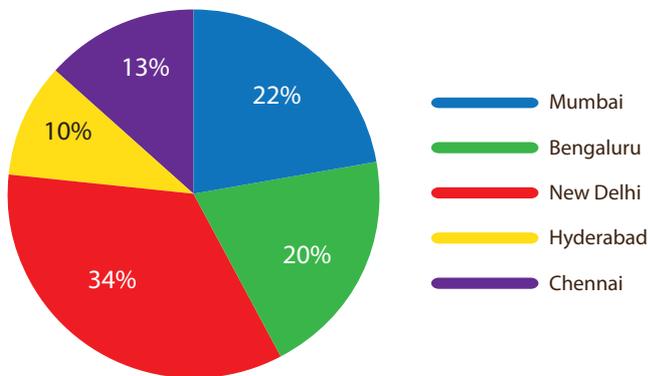
While Tier 2 cities have grown in promotional email campaign volumes, the larger growth in email marketing is being led by the Top 5 metro areas. When we further breakdown the email volumes amongst these Top 5 cities, we see that New Delhi leads the email activity followed closely by Mumbai.



Best Engagement Rate: 2013 Open % Share by Top 5 Cities in India

Which City is the most active: November 2013 Open % Share

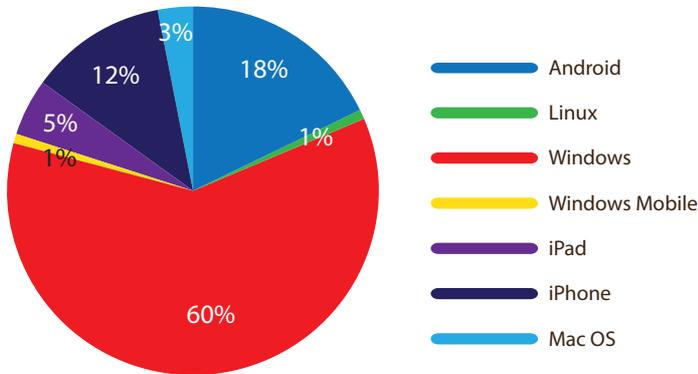
November data shows that while Delhi leads the Open% Share of all email volumes, Mumbai email users are getting more active on engaging through promotional email marketing campaigns than earlier in the year.



Best Engagement Rate: NOV 2013 Open % Share by Top 5 Cities in India

Most Active Devices/OS: 2013 Open % Share

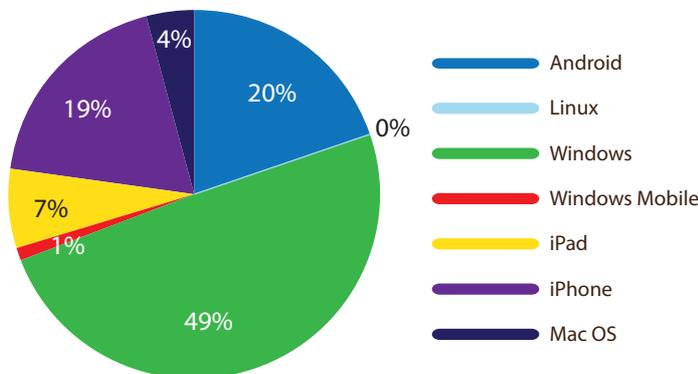
2013 has seen an increased proliferation of devices in India and the online users have been active on a plethora of such platforms. Though Windows continues to lead the market share as a preferred platform to engage on email, we have seen an increase in mobile platforms like Android and iPhone for online access and email engagement.



Best Engagement Rate: 2013 Open % Share by Devices/OS type

Most Active Devices/OS: November 2013 Open % Share

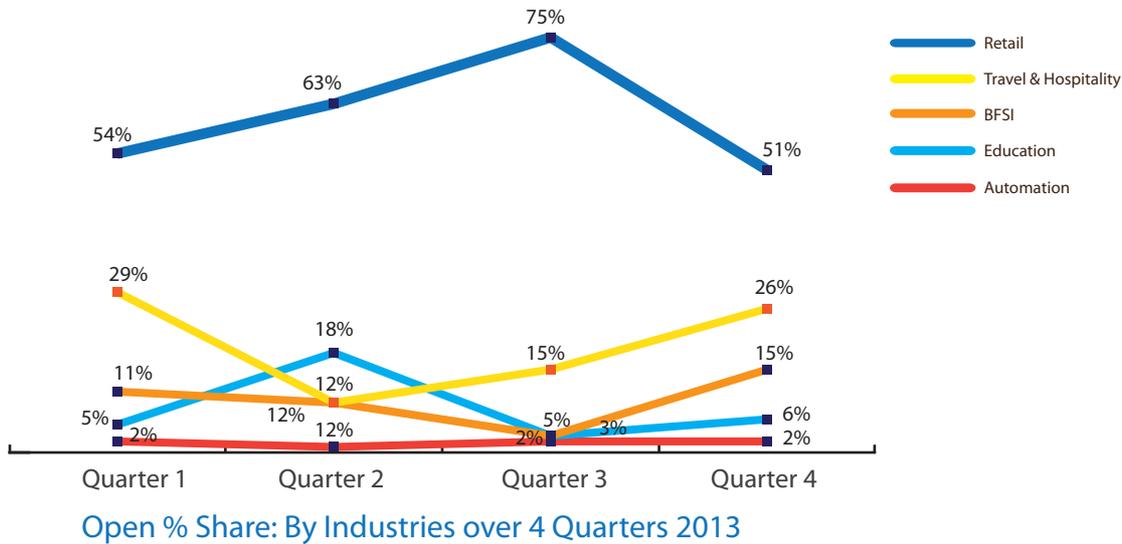
When we look at trending across the year, we find that mobile platforms like Android and iPhone have gained a high momentum amongst the online users in India with their increase in Open % Share putting pressure on Windows Open %. Between April 2013 and October 2013, we have seen a 100% jump in Open % share of iPhone devices and a 52% increase in Open % share for Android devices.



Best Engagement Rate: NOV 2013 Open % Share by Device/OS Type

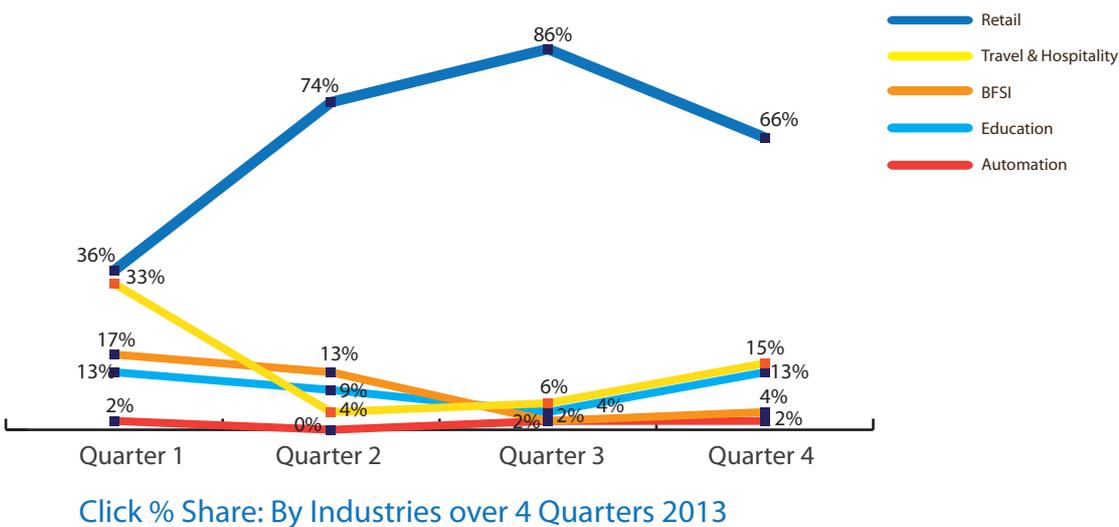
Email Opens: 2013 Open % Share by Top 5 Industries

Email marketing in India has grown 20% Quarter on Quarter in terms of volumes in 2013. The Top 5 industries which are leading this growth in Open % share terms (descending order) are: Retail, Travel & Hospitality, BFSI, Education and Automobiles. Retail which includes Ecommerce companies, have accelerated and pulled away from the rest of the pack in the 1st 3 quarters of the year. In the last quarter of 2013, we have seen an increased momentum with promotional email campaigns from Travel & Hospitality and BFSI sector.



Email Clicks: 2013 CTR % Share by Top 5 Industries

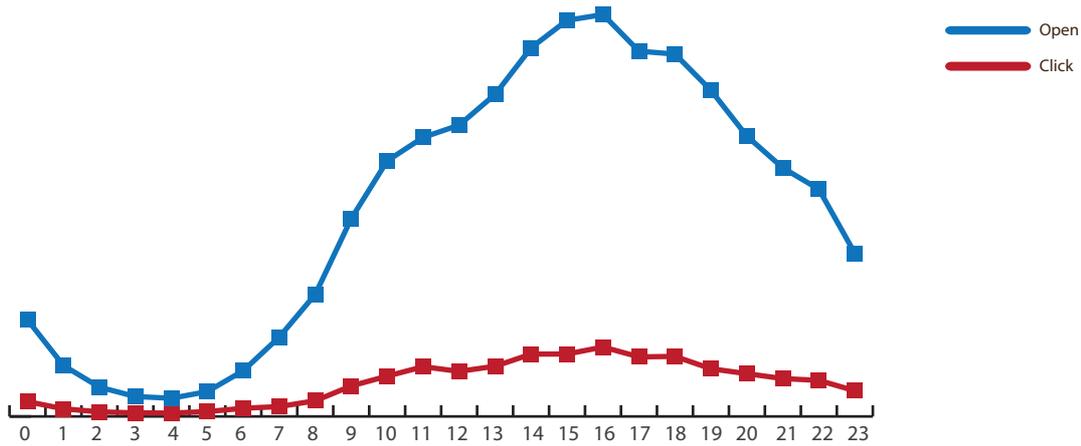
Ecommerce companies contribute in large measure towards the Retail sector’s performance on email marketing campaigns. Retail leads the CTR % Share across all industry verticals and can be a best practice to bench mark for non-retail companies who are keen to improve the performance of their email marketing campaigns.



Automotive Email Marketing 2013

Automotive sector has been one of the recent converts to leverage the power of email marketing. So while it features as one of the Top 5 industries in India on email marketing volumes in 2013, it is yet to harness the true power of this engagement channel. We saw a steady volume across the year though it has largely been driven by intermediaries. In second half of the year, we saw the auto brands reaching out directly to the consumers for new launches, special festival drives around Deepavali and in our view this trend is likely to get stronger for 2014.

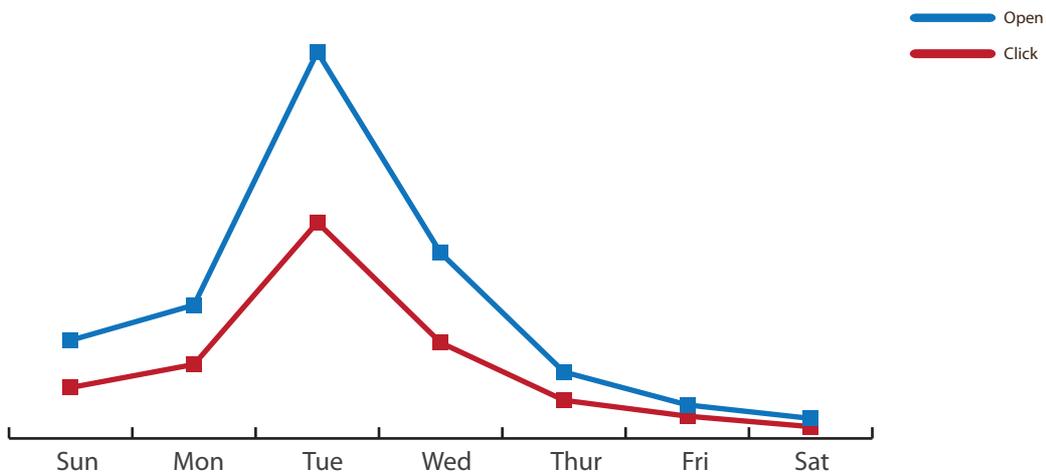
Automotive Email Marketing: 2013 Best Hour of the Day



Automotive Email Marketing 2013: Best Hour of the Day

Afternoon 4pm-5pm seems to be the best campaign hour of the day and Wednesday as the best day of the week for maximizing email marketing in the Automotive sector.

Automotive Email Marketing: 2013 Best Day of the Week

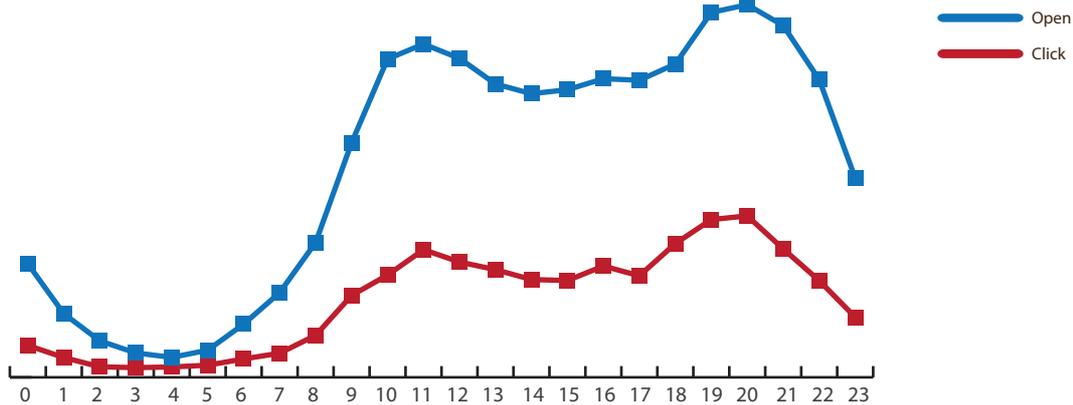


Automotive Email Marketing 2013: Best Day of The Week

Education Email Marketing: 2013

Education sector shows a cyclical behavior in their email marketing campaigns. Though we see a peak in May-June in terms of Open % Share, the Click % Share for email campaigns hits a peak in February-March of 2013. Education is the 4th highest user industry of email marketing campaigns in India and we are seeing a higher consumption by online education delivery sites when compared to traditional educational campuses.

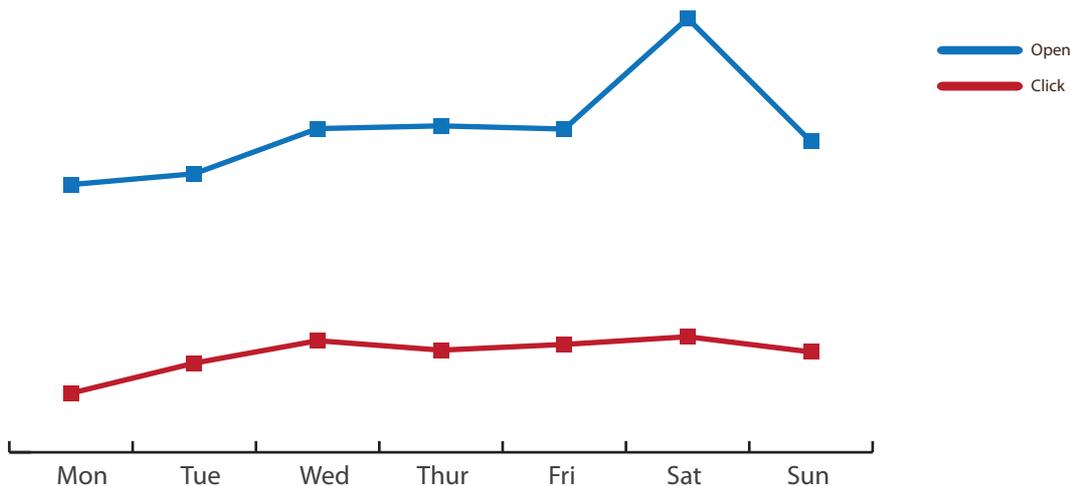
Education Email Marketing: 2013 Best Hour of the Day



Education Email Marketing 2013: Best Hour of The Day

We see twin peaks of higher performance in terms of best hours of the day for email marketing performance (9-10am, 7-9pm) and Saturday as the best day of the week for campaign click rates (CTR).

Education Email Marketing: 2013 Best Day of the Week

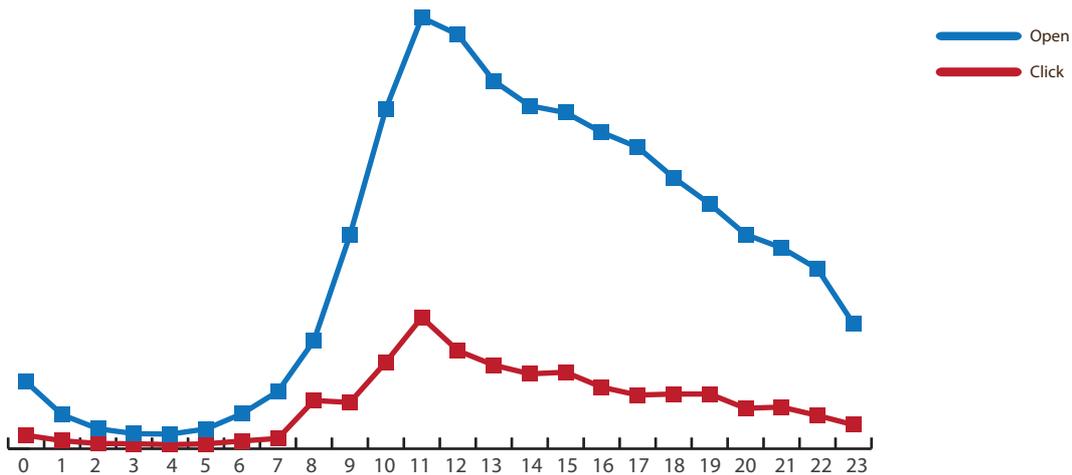


Automotive Email Marketing 2013: Best Day of The Week

BFSI Email Marketing 2013

BFSI email marketing campaign volumes in 2013 were led majorly by the insurance companies and hence we notice a spike in volumes from September to December and a decline from January to March with almost a valley drop in the month of April. While Banks in India have been using email channel mostly for transactional alerts, we are seeing an increase in adoption for promotional email marketing campaigns for upsell-cross sell-partner promotions.

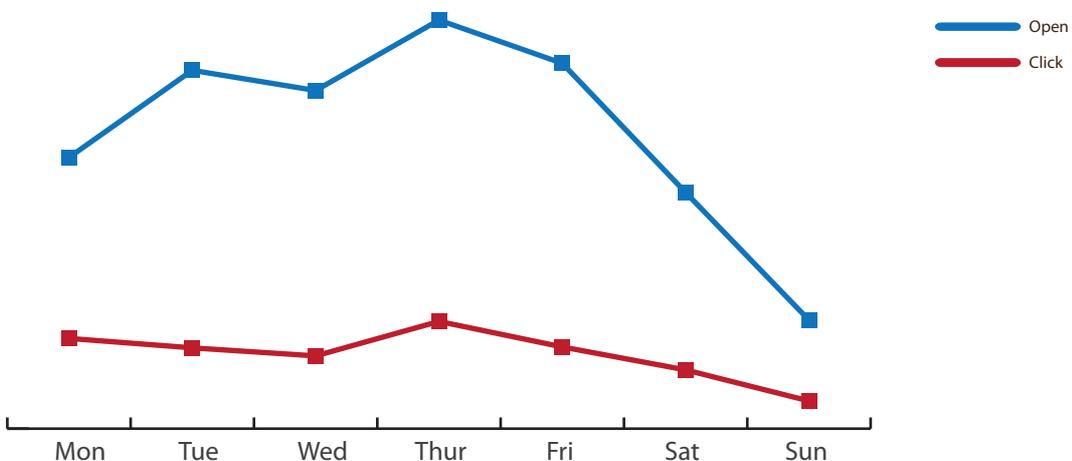
BFSI Email Marketing: 2013 Best Hour of the Day



BFSI Email Marketing 2013: Best Hour of The Day

Thursday seems to be best day of the week, and 10am-12pm the best hours for email marketing campaign performance in 2013 for the BFSI Sector in India.

BFSI Email Marketing: 2013 Best Day of the Week

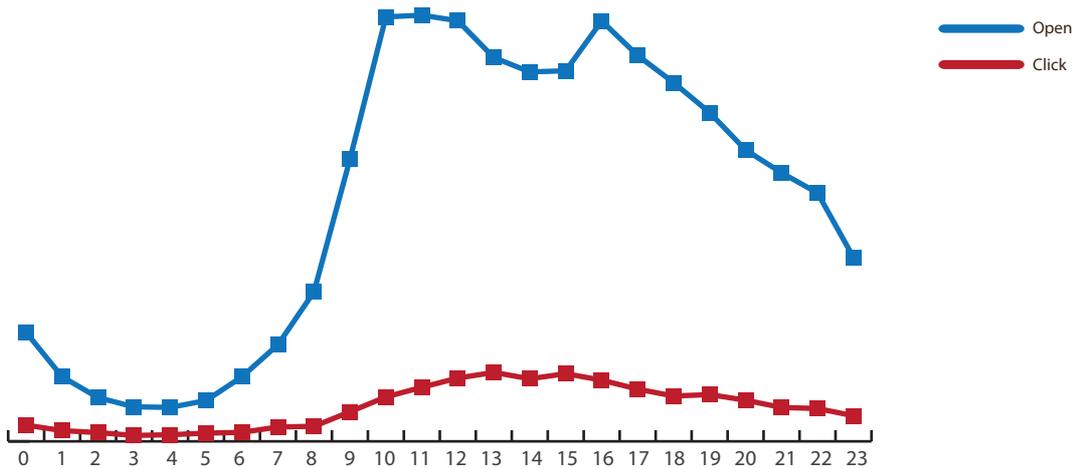


BFSI Email Marketing 2013: Best Day of The Week

Travel & Hospitality Email Marketing 2013

Travel & Hospitality Sector in India has been the fastest growing user industry of Email Marketing in 2013. July 2013 - November 2013 volumes have grown three folds over that on the volumes during April 2013-June 2013. In fact, in October - November 2013 we see a dramatic shift when this sector is at par with the No. 1 user industry of email marketing in India i.e. Retail (including e-commerce). The best CTR rates (CTR % Share) for this sector are in the months of March and November.

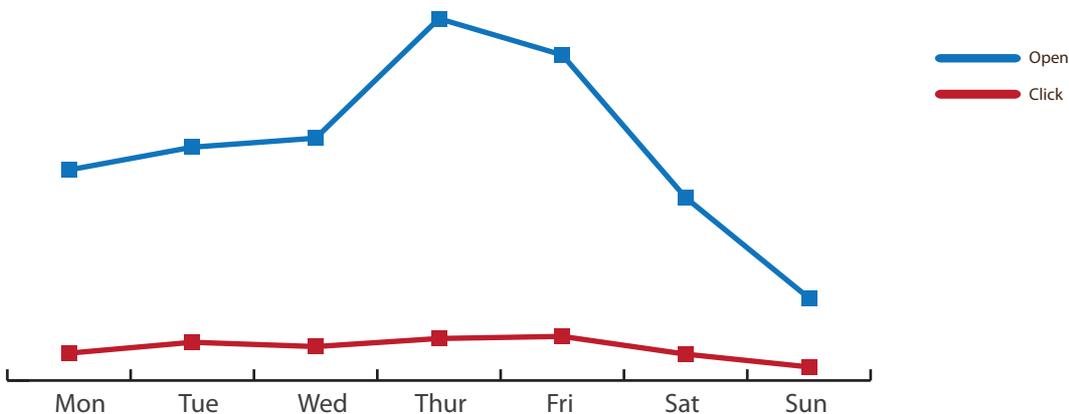
Travel & Hospitality Email Marketing: 2013 Best Hour of the Day



Travel & Hospitality Email Marketing 2013: Best Hour of The Day

10am-4pm is the best hour of the day, with Thursday-Friday delivering the maximum email marketing campaign performance for the Travel & Hospitality sector.

Travel & Hospitality Email Marketing: 2013 Best day of the Week

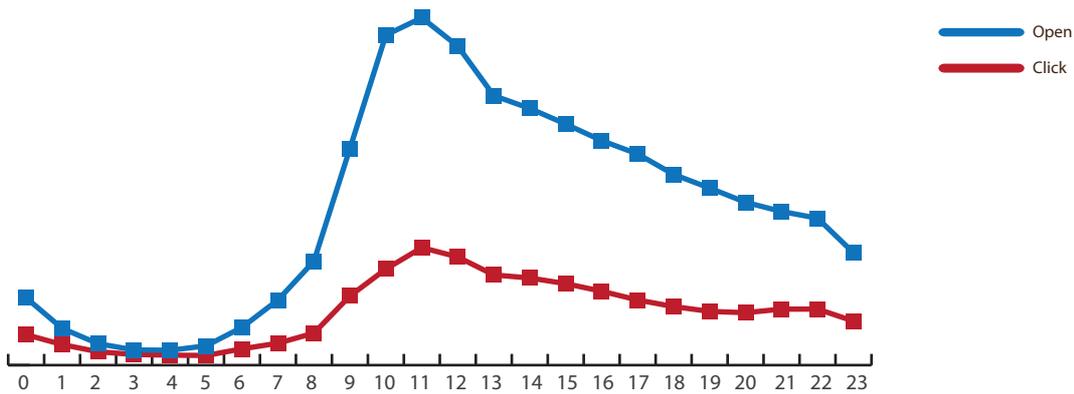


Travel & Hospitality Email Marketing 2013: Best Day of The Week

Retail Email Marketing 2013

E-commerce is included in Retail for the purpose of this research report. There is no surprise that Retail continuing to be dominating industry sector in India in 2013 when it comes to leveraging the power of email marketing. Be it in terms of total volumes of promotional email marketing campaigns, or Open % Share or CTR % Share, Retail marketers have really pushed the limits of email marketing channel to create revenue impact and brand engagement with consumers in 2013 with a sharp increase from July 2013 till October 2013. In qualitative terms as well say like social integration with email marketing, Retail companies have led the charge.

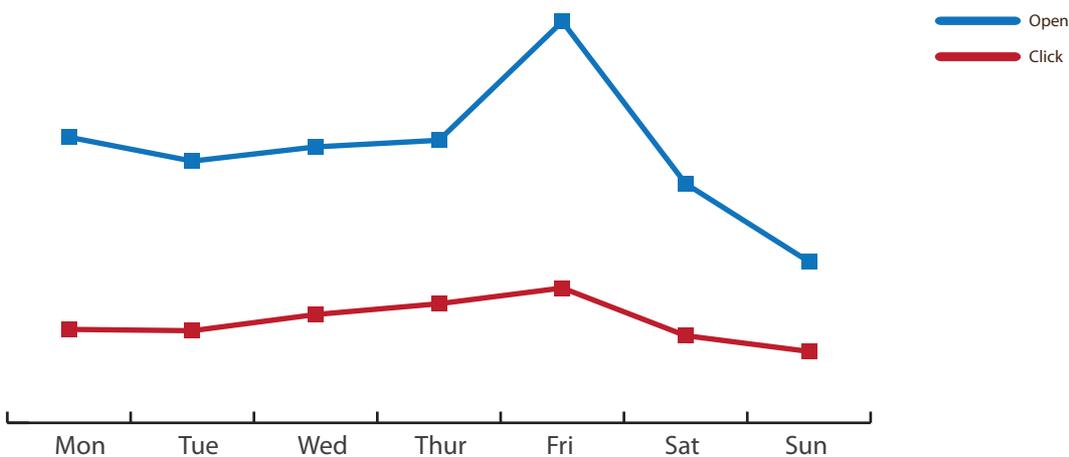
Retail Email Marketing: 2013 Best Hour of the Day



Retail Email Marketing 2013: Best Hour of The Day

Friday emerges as the best day of the week, with 10am-12pm the best hours of the day for the best performing email marketing campaigns for the India Retail Sector in 2013.

Retail Email Marketing: 2013 Best Day of the Week



Retail Email Marketing 2013: Best Day of The Week

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(<http://timesofindia.indiatimes.com/tech/tech-news/internet/India-to-have-185-million-mobile-internet-users-by-June-IAMAI/articleshow/28274002.cms>)

** Indian e-commerce market grows 88 pc in 2013; to reach \$56 bn by 2023: ASSOCHAM
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***Smartphone shipments in India grew 229 percent in Q3, 2013: IDC
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India is now the world's third-largest smartphone market: Report
(<http://gadgets.ndtv.com/mobiles/news/india-is-now-the-worlds-third-largest-smartphone-market-report-402182>)

**** 4th Annual India e-Marketing Outlook 2014 Report by Octane Marketing
www.octane.in/research

About Octane Research

Octane Research is the research authority in India on how marketers and consumers are engaging through digital channels like social media, email marketing, search, mobile, sms and the web. By analyzing data from hundreds of sources and running into billions of touch points every year in India alone, Octane Research provides rich insights and the context for India marketers towards smart strategic planning, tactical decision-making and business effectiveness for their digital campaigns.

Octane research is a fully owned subsidiary of Octane Marketing.

About Octane Marketing

Octane is India's 1st multi-channel platform for integrated marketing campaigns. Marketers can send integrated multi-channel (Email, SMS and Web) campaigns on a clean spam free marketing platform, built on intelligent software which is available on demand (pay as you go, zero upfront investments, zero lead time to implement) or onsite (deployed behind firewalls). Powerful up-to-date software backed by a 24x7 IP reputation management service. 100% Opt-in. 100% Permission Marketing.

For more details, please visit www.octane.in



Octane.in is India's first multi-channel platform for integrated campaigns.
For more information about our organization please visit www.octane.in

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