

E-mail's Killer ROI: DMA

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While the return on investment from e-mail far surpasses other channels, the gap is closing and will continue to do so for the foreseeable future, according to a new report from the Direct Marketing Association.

E-mail's ROI in 2008 was \$45.06 for every dollar spent on it, according to the DMA's just-released Power of Direct economic impact study. This compares to \$48.34 last year, and a projected \$43.52 in 2009, according to the annual study.

The DMA predicts e-mail's return on investment will steadily drop to \$37.99 for every dollar spent in 2013.

But while e-mail's ROI is slipping, it still has a long way to go before it drops to the return delivered by other channels.

Non-e-mail Internet marketing delivered \$19.94 for every dollar spent on it this year and is projected to deliver a slightly higher \$19.97 for every dollar in 2009, according to the DMA.

Catalog marketing delivered \$7.28 for every dollar spent in 2008 and is projected to deliver \$725 for every dollar spent in 2009, according to the DMA.

Moreover, non-catalog direct marketing's ROI was \$15.55 for every dollar in 2008 and will be \$15.50 in 2009, according to the study.

And while e-mail's ROI far outpaces every other channel, spending on it lags far behind, possibly because it remains primarily a retention vehicle and its deployment costs are far lower than other channels.

The DMA estimated marketers spent \$600 million on e-mail in 2008 and will spend \$700 million on it in 2009.

In comparison, the DMA estimated marketers spent \$24.1 billion on non-e-mail Internet marketing in 2008 and will spend \$28 billion on it in 2009.

Marketer's biggest expense, according to the DMA, is telephone marketing, with an estimated \$42.5 billion spent on the channel in both 2008 and 2009.

Not surprisingly, e-mail remains a bottom feeder in terms of share of budgets, as well.

The channel is getting a paltry average 0.4% of direct marketers' budgets in 2008 and the figure isn't expected to change in 2009, according to the DMA.

Telephone marketing and direct mail account for most of direct marketers' spending with telephone accounting for 24% in 2008 and 23.2% in 2009, and direct mail accounting for 19.9% in 2008 and 19.8% in 2009, according to the DMA.

And also not surprisingly, e-mail marketing is also small jobs-wise.

The channel employed 98,300 people in 2007 and 111,700 in 2008, according to the DMA.

However, e-mail marketing's growth during that period—13.6%—was the highest of the various marketing channels. E-mail's employment growth by percentage edged out non-e-mail Internet marketing—which went from 1.7 million to 1.9 million—by 0.3%, according to the DMA.

In other news, the DMA projects that in 2009, for the first time Internet sales will surpass all other channels. Non-e-mail Internet marketing will drive \$559 billion in sales in 2009, according to the DMA. At the same time, non-catalog direct mail—the next highest performing channel sales-wise—will drive \$561.7 billion in sales in 2009, the DMA estimates.

For its part, e-mail will have driven \$28 billion in sales by the end of 2008 and will drive \$32.6 billion in sales in 2009, according to the DMA.