

What Is the Future of E-Mail?

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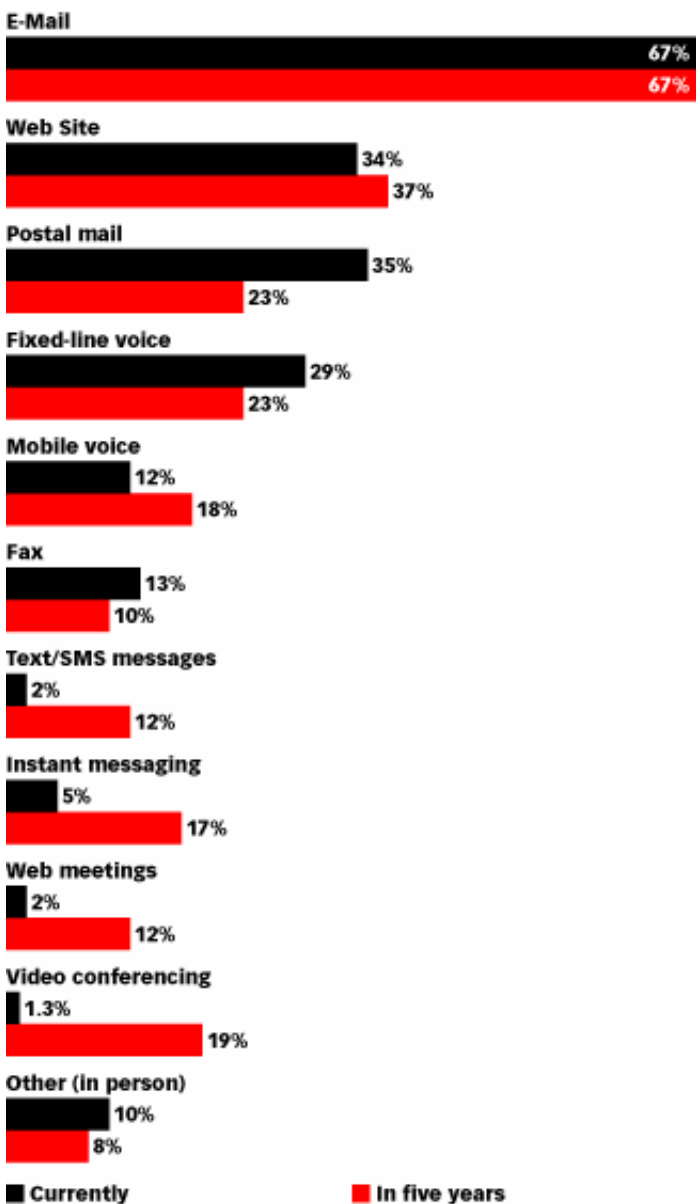
An old digital format still has plenty of life left

Compared with today's virtual worlds, e-mail is solidly Web 1.0-an almost archaic communication channel.

Yet e-mail works, and marketers and advertisers keep putting it to new uses. Moreover, consumers-whose opinions are the ones that matter-genuinely like e-mail. Nearly three-quarters of adult e-mail users in North America said they used it every day, according to an April survey conducted by Ipsos for Habeas.

Two-thirds of adult respondents said they preferred e-mail for communicating with businesses. Just as many-and this is the important part-said they expected to still prefer e-mail five years from now.

Mode of Communication Preferred by Adult Internet Users in North America When Dealing with Businesses, April 2008 (% of respondents)



Note: n=3,202 ages 18+
Source: Ipsos commissioned by Habeas, "Habeas Email Survey: Highlights and Summary," provided to eMarketer, May 21, 2008

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"Far from being eclipsed by Web 2.0 and other emerging communications methods, consumer expectations suggest that e-mail will be the workhorse channel around which future online communications will revolve," said Des Cahill, CEO of Habeas, in a statement.

That is not to say that consumers are ready for random, untargeted e-mail. Opt-in is still key. Consumers are even willing to help marketers custom-tailor their messages. More than 88% of respondents said they would like more choices in e-mail content and frequency, including options on advertisements and special offers.

So if e-mail is set to remain a consumer favorite for the next several years, that must mean e-mail ad spending will grow during that time, right?

Yes and no.

eMarketer predicts that e-mail ad spending in the US will hit \$492 million this year, then increase by 55% to \$765 million by 2012.

US Online Advertising Spending, by Format, 2007-2012 (millions)

	2007	2008	2009	2010	2011	2012
Search	\$8,440	\$10,360	\$11,960	\$13,860	\$15,990	\$19,023
Rich media/video	\$2,041	\$2,654	\$3,340	\$4,425	\$5,991	\$9,444
Display ads	\$4,458	\$5,465	\$6,285	\$7,095	\$7,893	\$9,394
Classified	\$3,566	\$4,287	\$4,875	\$5,613	\$6,494	\$7,575
Lead generation	\$1,667	\$2,124	\$2,460	\$2,853	\$3,403	\$4,233
E-Mail	\$422	\$492	\$555	\$613	\$677	\$765
Sponsorships	\$506	\$518	\$525	\$543	\$554	\$566
Total	\$21,100	\$25,900	\$30,000	\$35,000	\$41,000	\$51,000

Note: eMarketer benchmarks its US online advertising spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2007; online ad data includes categories as defined by IAB/PwC benchmark—display ads (such as banners), search ads (including paid listings, contextual text links and paid inclusion), rich media (including video), classified ads, sponsorships, lead generation (referrals) and e-mail (embedded ads only); excludes mobile ad spending
Source: eMarketer, March 2008

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And while e-mail accounts for only about 2% of all online ad spending, eMarketer predicts that percentage will actually drop to only 1.5% of online ad spending in 2012, despite the growth in dollars spent. The amount spent on other formats will dwarf what is spent on e-mail, thanks to its low cost.

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E-mail is cheap marketing. The pricing scales well, too: The cost of sending a million e-mails is little more than the cost of sending a thousand. However, this can also cause problems.

"E-mail is so inexpensive that it lulls many marketers into underestimating its influence on entire campaigns and a company's brand," said David Hallerman, senior analyst at eMarketer.

The eMarketer Word-of-Mouth Marketing report will be published in July 2008. [Click here](#) to be notified when it is released.

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