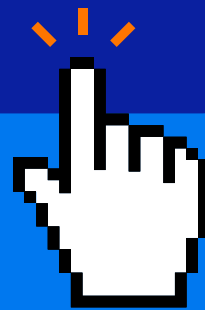


The Cost of an

Unsubscribe



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Email Marketers vs. The Unsubscribe

For email marketers in retail, there are few things worse than the unsubscribe.

After pouring resources into capturing new email addresses, the last thing you want is to lose those customers. Even worse, unsubsribes lead to endless missed opportunities for your brand to drive awareness for new products and promotional events, nurture shoppers, collect data on their interests and — here's the real kicker — drive additional purchases (both online and offline).

No matter how you slice it, unsubsribes spell trouble. That much we know. What we don't know is exactly how much trouble they cause from a revenue standpoint.

To settle that issue once and for all, we decided to expose the unsubscribe for the retailer's enemy that it is by quantifying the true cost of an unsubscribe. Along the way, we'll identify characteristics of the typical unsubscriber, break down common circumstances surrounding unsubsribes and share tips to decrease yourunsubscribe rate.

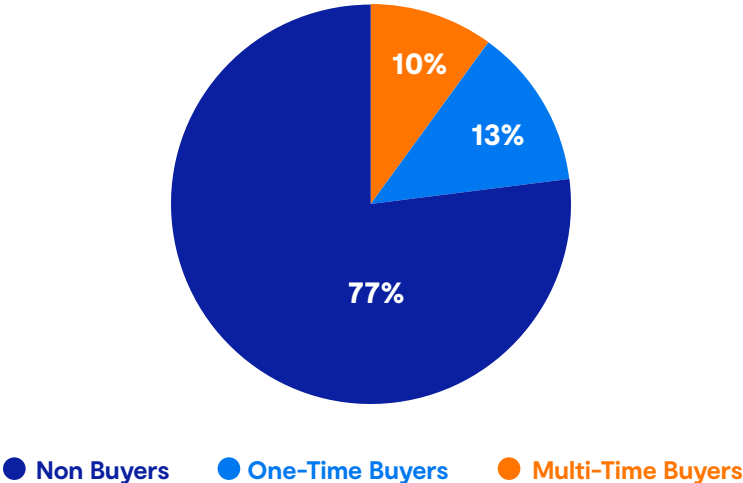
Warning: The numbers that follow aren't pretty, but they're something every retailer's email marketing team needs to see.

Identifying Typical Unsubscribers

First thing's first, let's put a face to those dreaded unsubscribes.

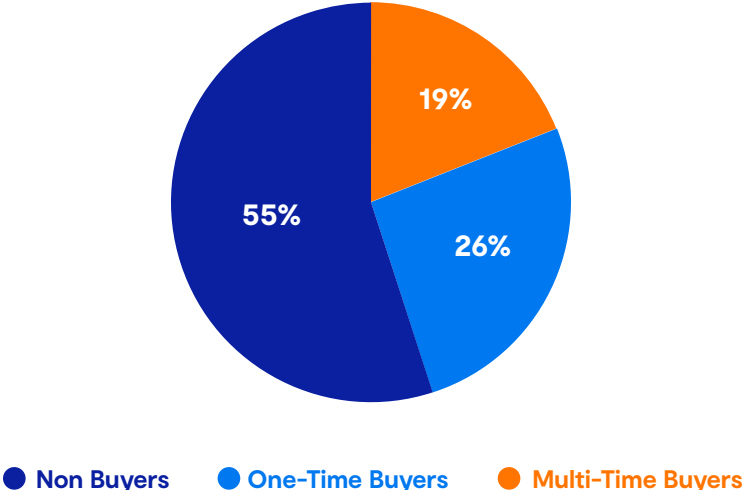
Based on data from 400 retailers, on average, the overwhelming majority (77%) of unsubscribes come from non buyers.

Breakdown of Unsubscribes by Buyer Type



To put this in perspective, non buyers only make up 55% of email recipients for most retailers.

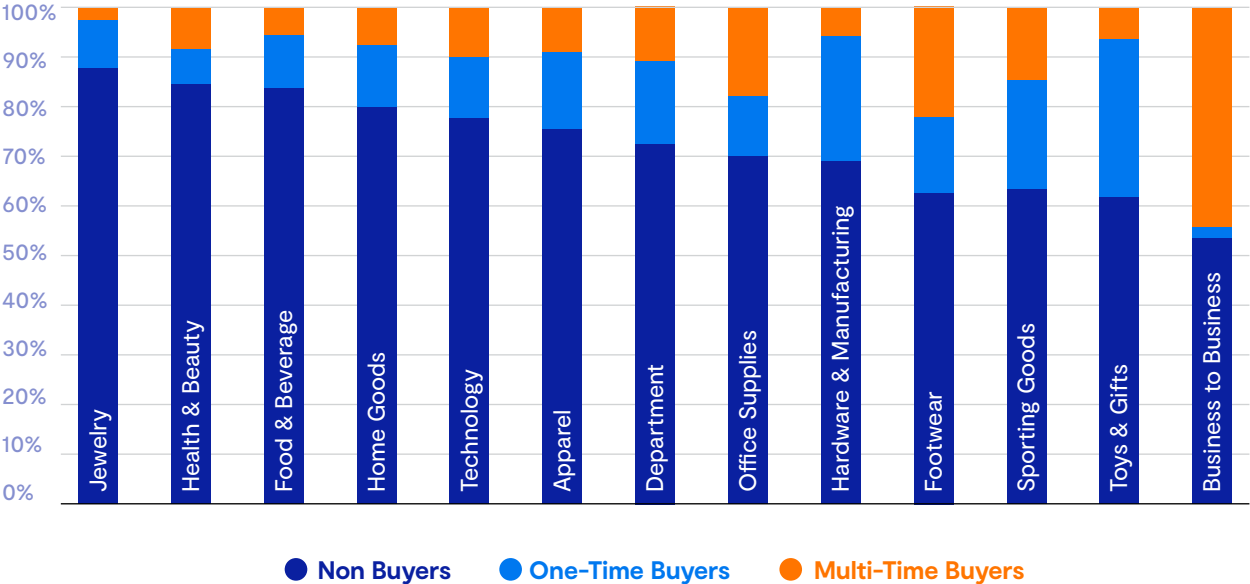
Breakdown of Email Recipients by Buyer Type



The heavy weighting of unsubscribes toward non buyers comes with positives and negatives. On the one hand, non buyers are worth far less to your brand than multi-time buyers who have established a regular buying cadence and have a high likelihood to purchase again. As a result, the cost of an unsubscribe from non buyers is far less than the cost of an unsubscribe from multi-time buyers. On the other hand, shoppers who unsubscribe before ever buying anything represent unrealized revenue potential and decrease the long term ROI of email capture programs.

All of that said, there are a couple retail verticals that buck the trend of having such an outsized majority of unsubscribes come from non buyers. For example, B2B retailers see almost as many unsubscribes from multi-time buyers (44.3%) as they do from non-buyers (53.6%) and toys and gifts retailers see a much heavier weighting toward one-time buyers (31.8%) than most other verticals.

Breakdown of Unsubscribes by Buyer Type and Retail Vertical



Breaking Down Common Unsubscribe Behavior

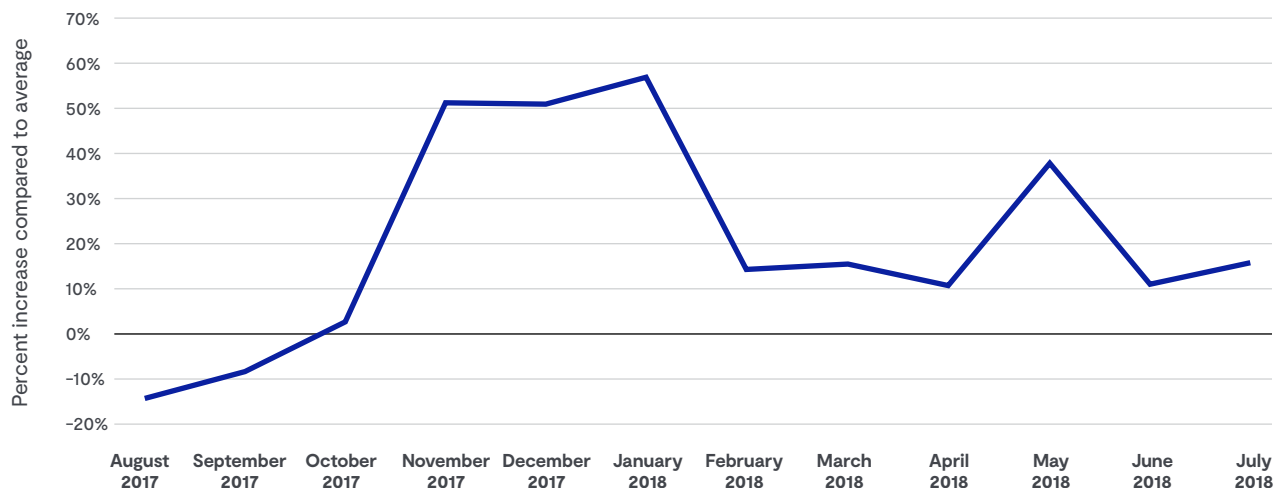
Now that we know who is unsubscribing, let's take a look at common behavior surrounding their unsubscribes.

Timing

47 days	70 days	49 days
Average time from initial email capture to unsubscribe for non buyers	Average time from initial email capture to unsubscribe for one-time and multi-time buyers	Average time from last purchase to unsubscribe for one-time and multi-time buyers

We also see patterns emerge at certain times of the year, with unsubscribe rates spiking well above average for retailers in November (51.8% increase above average), December (51.2% increase) and January (57% increase). We can likely attribute these spikes to shoppers who subscribe during the holiday season to find the best deals and then unsubscribe shortly thereafter.

Unsubscribe Spikes by Time of Year



Purchase History

0.25 purchases

Average number of purchases made prior to unsubscribing (including non buyers)

1.71 purchases

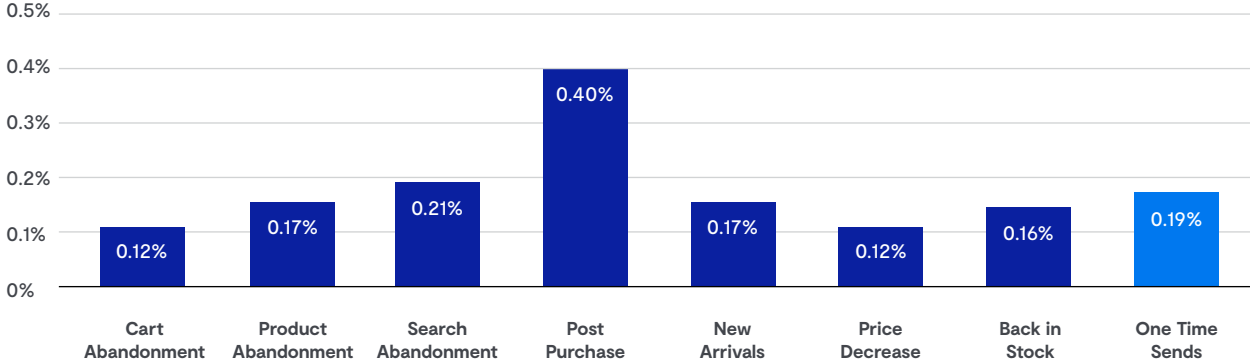
Average number of purchases made prior to unsubscribing (excluding non buyers)

The fact that the average number of purchases prior to unsubscribing is nearly zero when looking at all email subscribers is not surprising given how heavily unsubscribes are weighted toward non buyers.

The fact that the average number of purchases prior to unsubscribing falls between one and two when excluding non buyers is also not surprising given previous findings that the more purchases shoppers make, the more loyal they become.

Email Type

Unsubscribe Rate



Post purchase emails far and away lead to the most unsubscribes, and this situation may be due to shoppers who subscribe for a welcome discount, make a purchase and then immediately unsubscribe.

Treating first-time buyers differently than repeat buyers throughout the post purchase journey may help improve this situation. Specifically, since we know that first-time buyers are more likely to unsubscribe, splitting the post purchase audience this way can make it easy to adjust email content and frequency to decrease unsubscribes among first-time buyers.

Quantifying the Cost of an Unsubscribe

Every marketer knows that unsubscribes are less than ideal. They come with many soft costs for retailers by limiting:

- Channels for engagement
- Opportunities to raise brand, product, event and promotional awareness
- Customer nurture capabilities
- Chances to capture data on customer behavior to create a more relevant experience

However, the biggest cost of all comes in the form of dollars lost. And while we can't quantify how much the soft costs equate to in lost dollars, we can quantify the revenue loss that comes from an unsubscribe.

\$17.92

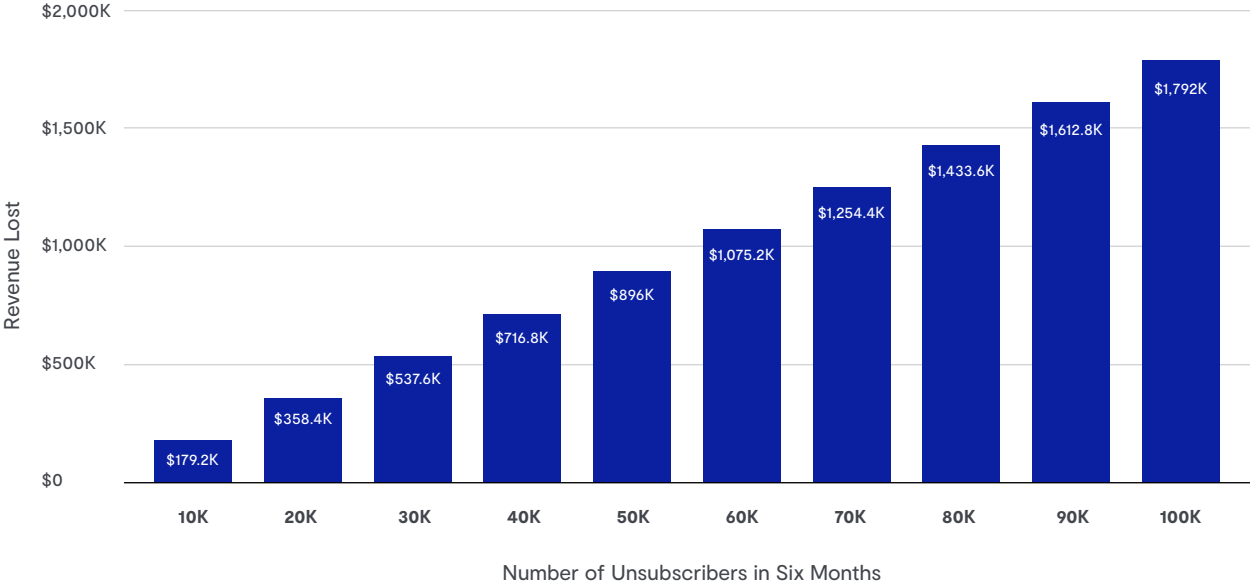
**Loss in revenue for each unsubscribe for
retailers with an average order value of \$50**

\$36

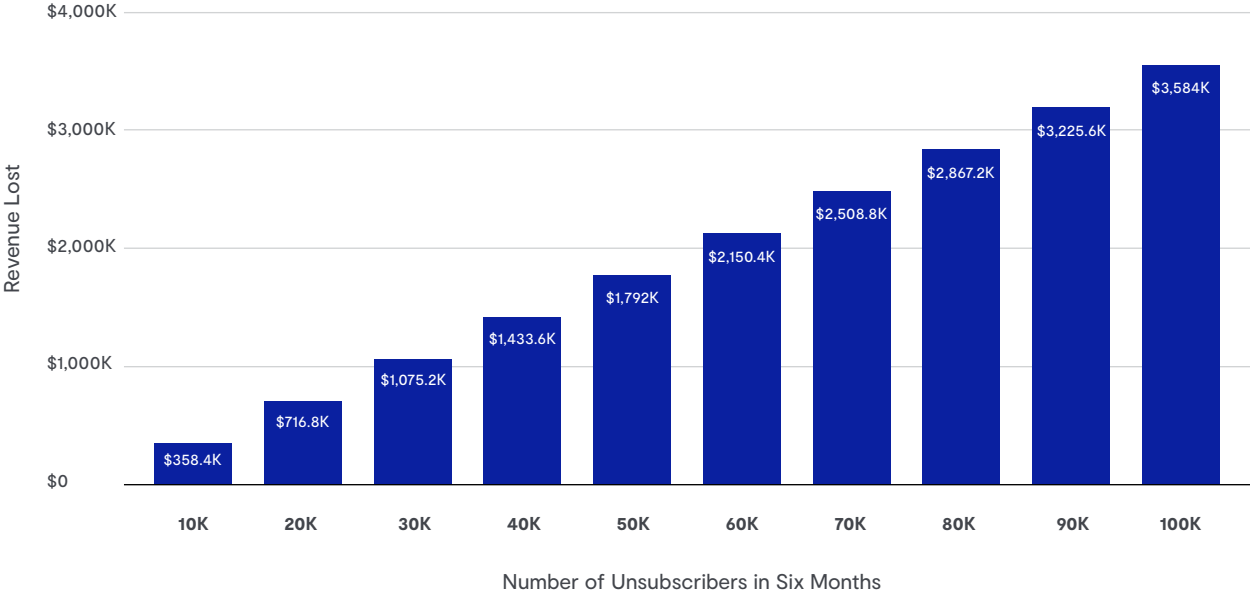
**Loss in revenue for each unsubscribe for
retailers with an average order value of \$100**

In a six month period, retailers who see 10,000 people unsubscribe can expect to lose 3,584 purchases as a result. At an average order value of \$50, that amounts to a loss of \$179,200. At an average order value of \$100, that amounts to a loss of \$358,400.

Cost of an Unsubscribe Based on \$50 Average Order Value



Cost of an Unsubscribe Based on \$100 Average Order Value



5 Tips to Decrease Your Unsubscribe Rate — and Recover Otherwise Lost Revenue

The cost per unsubscribe might be jarring, but it's not going to change. However, you can use the data you have around who unsubscribes and common unsubscribe behavior to decrease your unsubscribe rate — and therefore the total revenue hit you experience as a result.

Here's what it takes:

1. Evaluate Your Email Capture Strategy

Since we see that most unsubscribes come from non buyers, it pays to start at the very top by evaluating your email capture strategy. If you've done a lot recently to increase your email capture rate, that's a definite win, but only if those new email addresses drive additional revenue.

If you've started capturing new email addresses and those shoppers end up promptly unsubscribing without ever making a purchase, perhaps you're not capturing the right type of buyer. In this case, you should evaluate your email capture strategy to make sure you're investing in the right type of shoppers for your brand.

2. Rethink How You Nurture Non Buyers

Assuming your email capture strategy does bring in email addresses from your target customers, what can you do to get these shoppers to make their first purchase and not unsubscribe? It's all about proper nurturing and taking steps to understand these shoppers quickly so you can start sending more relevant messages.

While getting to know your customers' preferences over time is typically the precursor to creating relevant experiences, it is possible to get relevant with new shoppers who have yet to buy. To do so, you should:

- **Engage:** Send non buyers all promotional batch emails and pull them from those emails the moment they engage. Once they engage with a specific product or category, start sending them more targeted emails based on that demonstrated preference.
- **Nurture:** Use past behavior (e.g. the page on your site from which shoppers opted-in to receive email) and predicted behavior (e.g. based on behaviors from customers with similar characteristics) to enhance your targeted product recommendations.
- **Convert:** Identify shoppers who are likely getting ready to buy based on common pre-purchase behavior (e.g. number of products viewed, number of views for each product) and push for a purchase with relevant triggered emails (e.g. cart abandonment, product abandonment, price decrease, low inventory) and special first time purchase offers.

Engage

→ Nurture

→ Convert

Drive discovery through:

- New Arrivals
- Top Rated Styles
- Best Sellers
- Back in Stock Alerts

Establish interest through:

- Buying Guides
- Style Inspiration
- Social Proof /
Customer Reviews

Seal the deal with:

- Price Decrease Notifications
- Personalized Offers
- Low Inventory Alerts

3. Identify and Revamp Your Emails with the Highest Unsubscribe Rates

It's also important to check what your unsubscribe distribution looks like across all of your emails. This distribution will indicate the emails your team sends that lead to the most unsubscribes. Armed with that knowledge, you can then revamp those emails in an effort to decrease their unsubscribe rate.

To revamp your emails that bring in the most unsubscribes, you might change your product recommendation strategy, adjust the timing and/or frequency of sends and switch up any static, featured content. You can also try sending different versions of each email to unique audience segments, for example by differentiating content for non buyers, one-time buyers and multi-time buyers. There are several levers you can pull to improve the performance of any email, so it's simply a matter of testing to find what works best for your program.

4. Use Unsubscribe Filters

With a predictive audience builder, you can filter for shoppers who are likely to unsubscribe from emails. This filter can prove a powerful solution to improving how you target these shoppers.

Specifically, you should use unsubscribe filters to remove shoppers with a high likelihood to unsubscribe from any upcoming sends. At the same time, you can continue to get in front of those shoppers on other channels, including social, display and direct mail, to nurture them. Ideally, you should continue this cross-channel approach until shoppers show a higher propensity to engage with your emails.

5. Consider Your Timing

Finally, determine the biggest “risk times” for your brand based on the average time since opting-in to email and average time since last purchase that people unsubscribe. Once you do, think about how you can lower your risk by changing how you engage shoppers during those time frames, for example by targeting shoppers on different channels during periods flagged as a high risk.

Getting Comfortable with Your Unsubscribe Rate

Email marketers have always dreaded the unsubscribe, and at the cost of nearly \$18 or more per unsubscribe depending on your average order value, it's clear why. Altogether, the cost of an unsubscribe -- in terms of lost revenue potential and associated soft costs -- is nothing to blink at. Fortunately, there are several steps you can take to decrease your unsubscribe rate and recover some of that otherwise lost revenue.

All of that said, it's important to take a step back and remember that unsubscribes are unavoidable, and while you can decrease your unsubscribe rate, you can't eliminate it entirely. In fact, having some unsubscribes is critical to maintaining a healthy email program. Otherwise, customers who don't engage with email will stay on your list and lower your other performance metrics.

At the end of the day, you need to find an unsubscribe rate with which your team feels comfortable and then regularly monitor performance to make sure you maintain that rate.

Unsubscribe

