
Unreasonable Effectiveness of Email Remarketing

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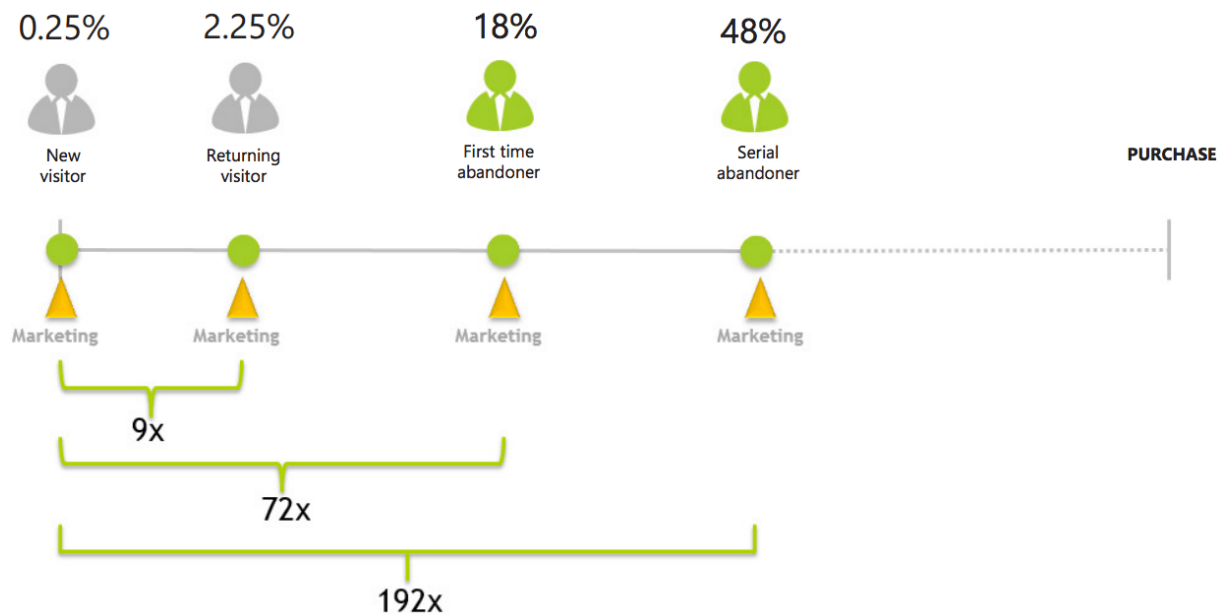
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SeeWhy¹ a market leader in real-time behavioural marketing, has [recently published](#) an extensive and empirical research on ROI of 1-to-1 email remarketing programs. In nutshell, research suggests that an optimised and best-practice driven email remarketing programs can deliver significant incremental revenues (on averages 5.14% and ranged between 2%-9%). So an ecommerce business with a baseline (without remarketing) revenue of \$100 million can easily generate revenue between \$102 million to \$109 million with remarketing. This is inline with previous SeeWhy research suggesting that businesses in the \$500 million range can expect to generate up to \$50 million in incremental revenues by best-practice driven email remarketing campaign.

So why remarketing efforts are so effective?

Unreasonable Mathematics and odds of conversion

As illustrated below, a simple mathematics can easily explain the unreasonable effectiveness of email



remarketing.

Simply put, the more you can get your prospective customers back to site and deeper in the conversion funnel the odds of securing a conversion grows exponentially. Odds of converting a new visitor is 0.25%, wherein chance that a returning or repeat visitor will convert is ~9 times higher than a new visitor (2.25%). Similar, probability of converting a visitor who has abandoned the cart is ~72 times higher than a new visitor. Statistically speaking, chance of converting some one who has abandoned cart twice or more (serial abandoner) are as high as 192 times compared to a new visitor. This explains why email remarketing works so well. Remarketing programs drive repeat visits deeper in the conversion funnel (deep links to user's saved shopping cart or directly payment page for the saved shopping

¹recently SAP has announced the intention to acquire SeeWhy

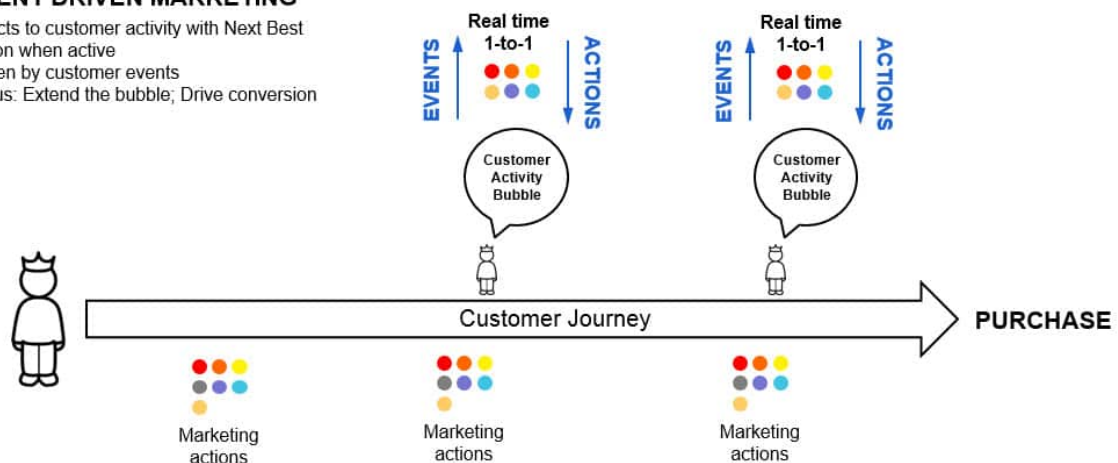
cart). In principal, same conversion mathematics applies to retargeting programs².

Unreasonable Physics and customer activity bubble

There is another way to explain this unreasonable effectiveness - physics behind the soap bubble. Popping of a soap bubble is a kind of chain reaction and its fate hangs³ in balance of three keys factors such as surface tension, internal pressure and external pressure. Without going into details of physics, lets just assume that customer activity as a bubble and eventually with right conditions in place conversion is bubbled up. In a event-driven marketing paradigm, customer activity bubble is extended by every event. An event is nothing but customer activity and email remarketing program reacts 1-to-1 with next best action for the customer.

EVENT DRIVEN MARKETING

Reacts to customer activity with Next Best Action when active
Driven by customer events
Focus: Extend the bubble; Drive conversion



SEGMENT DRIVEN MARKETING

Stimulates activity based on Propensity Modelling
Driven by marketing teams
Focus: Get attention; Drive Action

Figure 1: Extend the bubble, drive the conversion. Image credits SeeWhy

Closing thoughts

Basically, mathematics and physics behind the effectiveness of email remarketing are not really rocket science but execution definitely requires a scientific approach. Effective execution of

²cookies based retargeting programs focus on online ad placements and display ads

³Soap bubble assumed to be spherical throughout its life

email remarketing program depends on continuous optimisation and implementing remarketing best-practices.