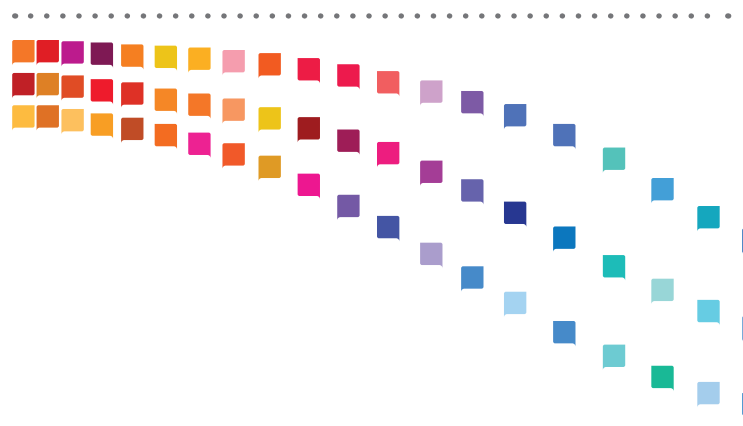




National Email Benchmarking Report 2011

August 2012 Edition





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Introduction

The overall aim of the DMA Email Marketing council continues to be to develop and promote email marketing as an efficient channel with an unrivalled ROI. To achieve this vision the Council defines and disseminates best practice. Further the DMA provides its members with leadership, direction and support in their professional activities, and represents DMA members' collective interests to the business community, legislative bodies and public at large.

The continued purpose of this report is to provide DMA members involved in or considering email marketing as a channel, with a reliable series of benchmarks that aid their planning and help them make informed marketing decisions.

This *National email benchmarking report 2011* released in 2012 contains data collected during 2011.

The survey is completed by leading UK email service providers (ESPs) who deliver the majority of outsourced email messages to business and consumer accounts in the UK.

ESPs surveyed include member and non-member companies. Results are self-reported using their own calculations. Data is collected via the DMA with the help of Business Bound. All data is provided on a confidential basis and aggregated and analysed by the DMA's research team.

This report is made possible through the generous time given by certain key individuals.

Firstly and most importantly thanks to Alchemy Worx for sponsoring this study.

Secondly, this report, like the *National client email report 2012*, is made possible through the generous time given by certain individuals who constitute the Benchmarking Hub, namely: Matt Simons (Axiom); Rob Manning (Jacob Bailey); Joe Hunter (ExactTarget), Fiona Robson (RocketSeed), Anthony Wilkey (Email Vision), Stasa Straziasr (Lyris); and Lynn Hewitt (of Business Bound). Thank you to Mark Brownlow (of Email Marketing Reports) for writing the report. Yashraj Jain also deserves special acknowledgment for his tireless work in project managing the report; collecting and analysing the data; and helping to structure the document you are now reading.

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Chair, Benchmarking Hub, Email Marketing Council, Direct Marketing Association



Sponsors perspective

Welcome to the DMA's *National email benchmarking report 2011* which once again provides tremendous insight into the current trends of the UK's email marketing landscape. This report highlights the massive contribution the email channel is making to the bottom line in these difficult economic conditions.

The decrease in marketing budgets overall has been to the advantage of email, arguably the most accountable of all the channels and definitely the most efficient driver of revenue. Email is once again proving its value as the marketing work horse. The efficiencies can clearly be seen because email volumes have continued to grow with figures at the end of 2011 almost twice what they were in the same period in 2010.

In H2 2011, the ESPs surveyed generated approximately 1.8 billion brand impressions and drove half a billion subscribers to websites, staggering figures in their own right, but which also represent year-on-year increases of 71% and 37% respectively. Since conversion rates from email are 60% higher than search, it is no surprise to observe that brands are increasingly relying on email to drive traffic to their websites.

New to this year's report are the metrics provided on individual industry sectors. It is interesting to see that the travel and retail sectors are best at driving unique clicks. These sectors are the most able to directly connect revenue to email, affording them the intelligence to model their email programmes to maximise the return. Brands that lack the ability to attribute revenue to their email activity seem to be taking a much more cautious approach to increasing their email volumes, so it will be interesting to see whether these companies email volumes follow the lead set by retail and travel in the next 12 months.

Overall, the great news from this report is nobody is sending less email!

Enjoy the read!

Dela Quist,
CEO, Alchemy Worx
dela@alchemyworx.com

1. Overview and state of the industry

The DMA's 2012 *National client email report*¹ revealed a lot of positives about the email marketing industry from the marketer's perspective, where 90% of marketers rated email marketing as strategically important or very important to their business.

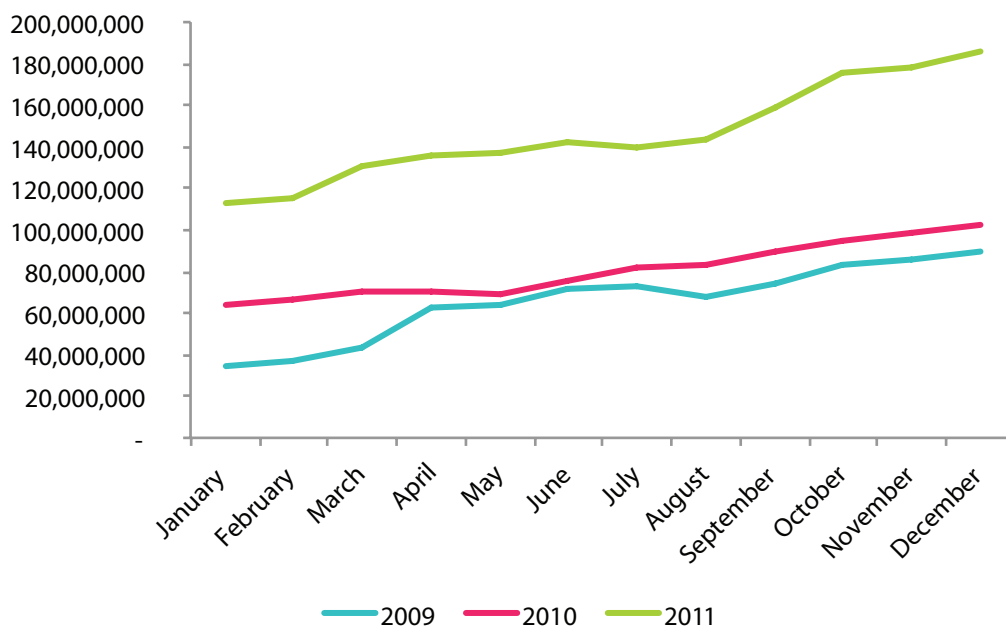
The optimism that characterised those results reflects traditional and modern benefits of email. As already accepted, email is a reliable, high-ROI source of direct, immediate responses. But there is now stronger understanding of how it can develop enduring and profitable customer relationships, and support sales and marketing objectives across a host of other channels.

But is this positive perception supported by actual figures on email volumes and performance? The answer, based on this 2011 benchmark survey, seems to be a qualified "Yes": ESPs are sending ever more clicks to their clients, but deliverability looks set to become a particular challenge once again.

1.1 Volume of sent email

Economic conditions continue to raise the need for accountability and cost-efficiency, in turn raising the status of email thanks to its low cost and measurability. However, those same economic conditions have also forced many organisations to cut back on marketing budgets per se. In 2010, the net impact² was positive, with email volume at its highest-ever level in December of that year. This trend continued through 2011.

How many individual emails did you send in the following months?



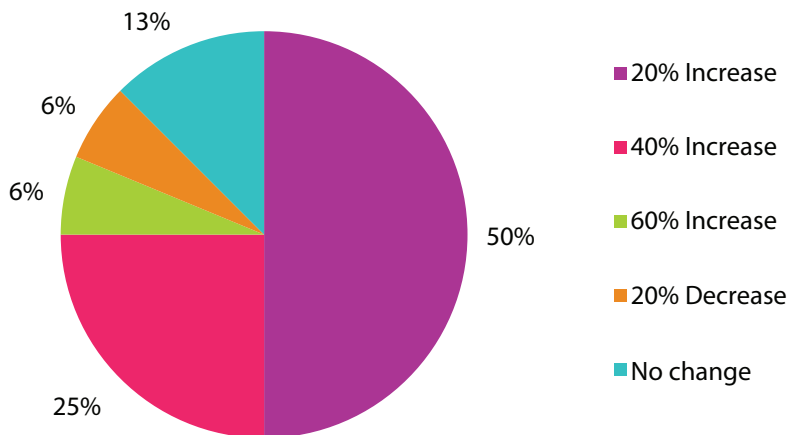
H1 2010 volumes traditionally drop below those of the latter part of the previous year, then climb to new record levels. In 2011, however, send-volumes in January already exceeded those of the previous month and were **78% higher** than in January 2010. This growth continued through the year, with December again reaching a **new all-time high of just over 180 million emails sent per ESP**: almost double the equivalent 2010 figure.

1.2 Volume predictions

The volume increase beats ESP expectations. Asked early in 2011 about volume growth for the coming year, the majority predicted no more than a 20% increase. Yet December volumes were up some 60% on the January figures.

1. DMA (2012) [National client email report 2012](#)
 2. DMA (2011) [National email benchmarking report H2 2010](#)

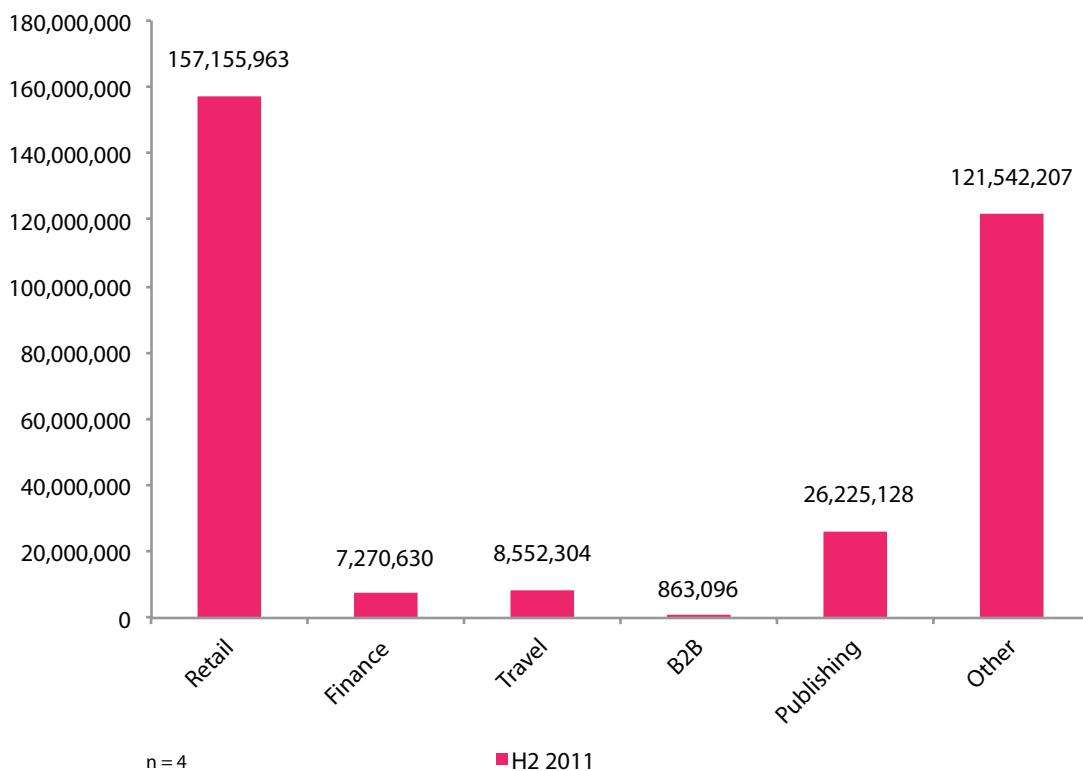
What do you predict the increase/decrease in email volumes to be during 2011?



1.3 Volume by sector

The majority of these sent emails came from the retail sector (58% in H2), reflecting email marketing’s traditional role in driving response to promotional offers.

How many individual emails did you send in the following sectors?



1.4 Volume changes

There are various factors likely contributing to the broad and strong year-on-year increase in email volume:

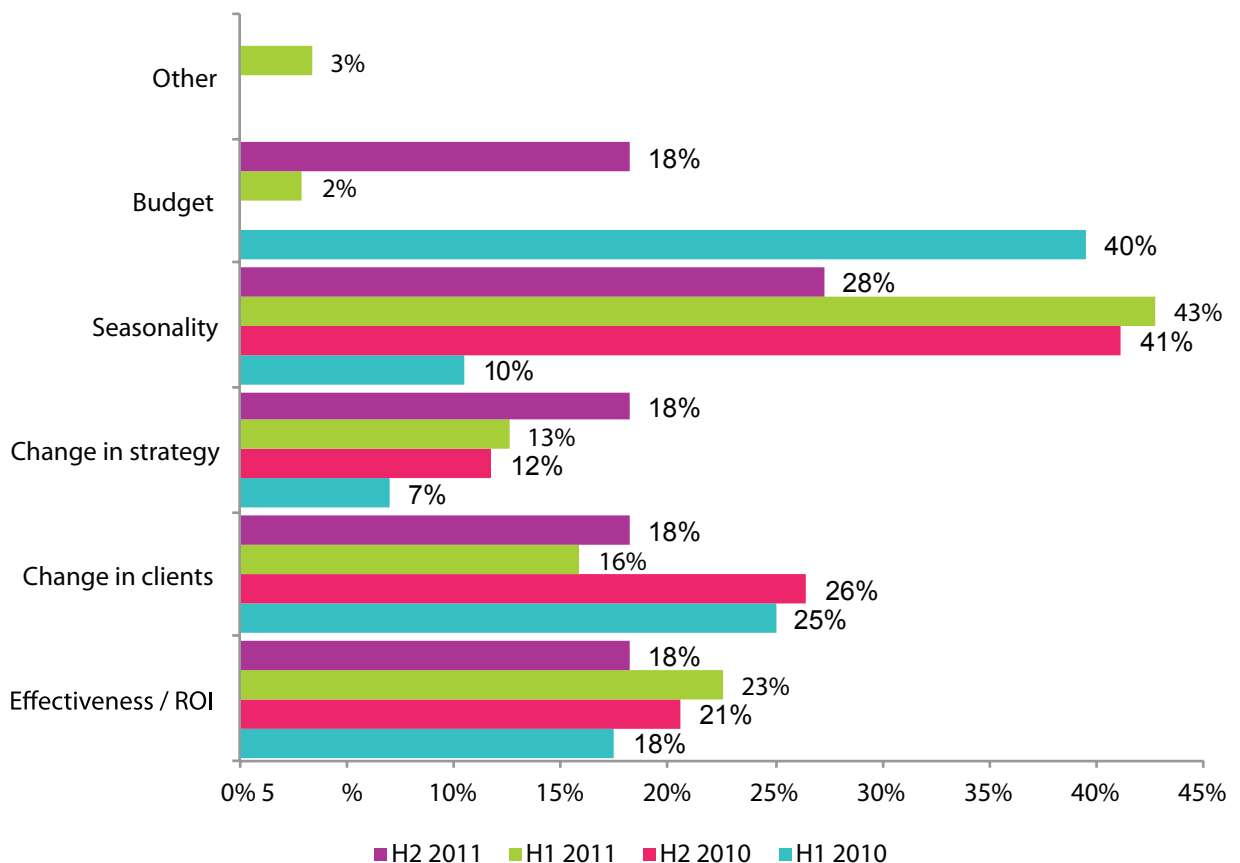
- Growing recognition and credibility for email marketing
- A shift away from in-house software to ESPs

- Better understanding of the value of simply sending more campaigns to more people, especially where budgets for significant investment in new tools are tight
- Bigger address databases and growth in retention email

As 2011 progressed, it was certainly noticeable how many proponents of social and other marketing channels also started advocating for email.

This image swing is partly driven by email’s visibility to end users. Social channels, for example, offer much potential. However, the chances of any one message (such as a Tweet or Facebook update) actually getting in front of their intended audience is relatively low when compared with the effective visibility of an email in the inbox. Facebook themselves note that only 16% of a brand’s updates are actually seen³.

What do you see as the primary driver of the change in the volume of emails?



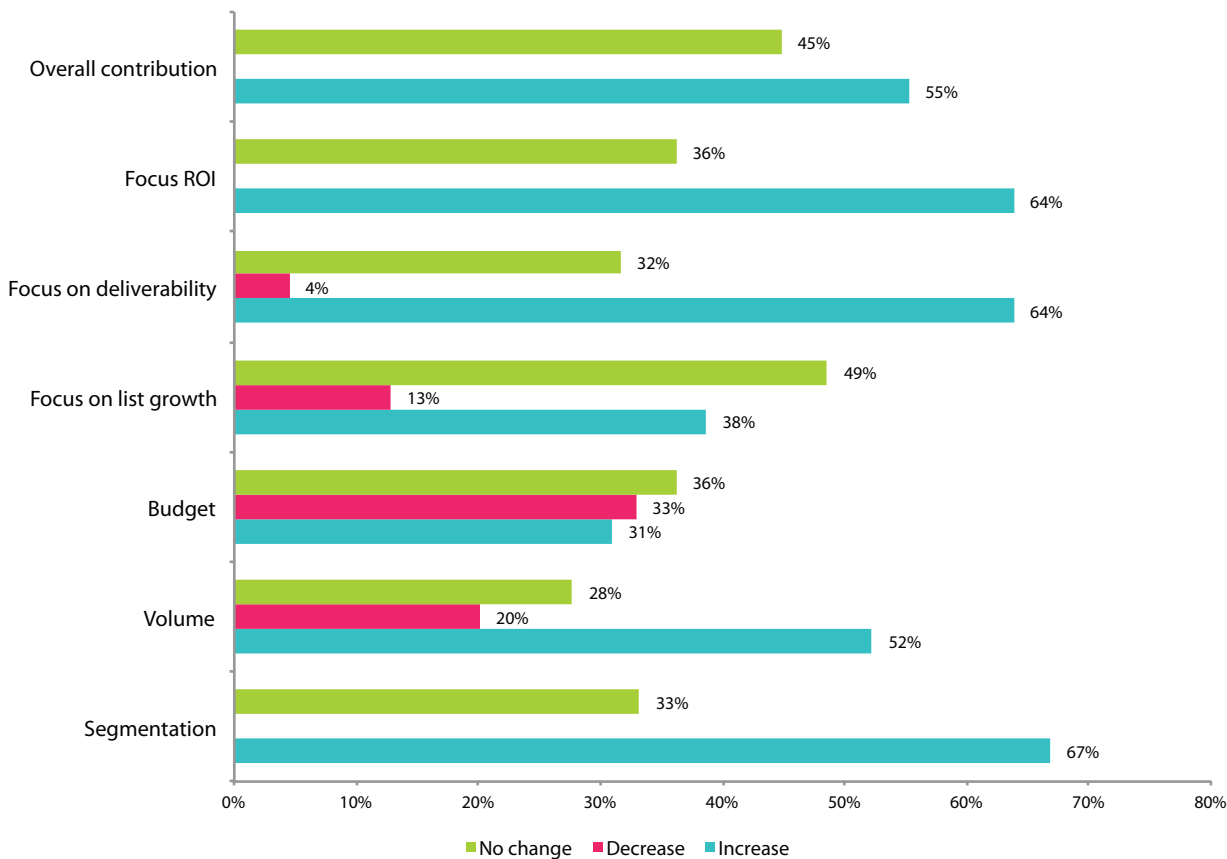
1.5 Impact of market conditions

Market conditions certainly drove increased recognition for email’s business and ROI contribution, as the following chart demonstrates. As organisations recognise the limitations of their in-house software they look to ESPs and other email marketing services for help scaling the learning curve and seek to outsource marketing functions to reduce staff and training costs. This increased attention would also encourage interest in ESP solutions.

ESPs thought market conditions through the year drove a significant increase in client attention to nearly all aspects of email campaigns. Budget pressures were still an issue, although it’s only in the second half of the year that these were more likely to rise than fall.

3. Mashable (2012) [Facebook Ads Announcements: Everything You Need to Know](#)

How have your clients email programs changed in 2011?

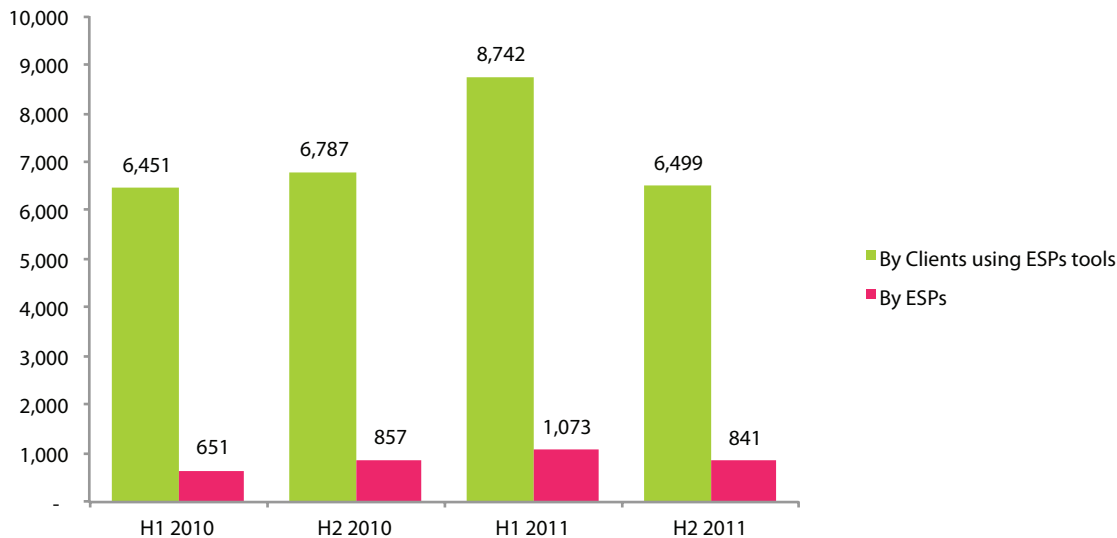


1.6 Monthly campaign numbers

The number of campaigns sent per month rose by almost 30% between H2 2010 and H1 2011.

This increase was partly due to more regular contact frequencies, which were some 15% higher across the same periods (see Chart 1.10), and partly due to the strong interest in segmentation and targeting revealed in Chart 1.5. A third-party study also found increases in the popularity of targeted and behavioural email in early 2011 with retailers use of welcome emails rising to 15% and use of cart abandonment campaigns almost doubling⁴.

How many campaigns per month do you manage? (Please count each trigger campaign once only)



4. RedEye (2011) [Behavioural email benchmark study](#)

In the second half of 2011, campaign numbers returned to 2010 levels, though contact frequency held relatively steady. Does that mean marketers lost appreciation for segmentation and targeting? May be not, as Chart 1.5 makes clear. Two likely factors at play here are:

1. The practical realities of Q4 retail email marketing, where a general lift in the propensity to buy means broad-reach generic campaigns can be very successful.
2. Recognition or rediscovery of the continuing value of bulk, broadcast email, with a refocus on volume per se. This would be enhanced by the realisation that significant economic recovery was unlikely (as 2012 has proved), giving renewed priority to low-cost, high-ROI tactics.

Segmentation and targeting will of course bring better results, often producing high two- or three-digit increases in key metrics. For example, segmentation based on past purchases led to a more than fivefold increase in revenue per campaign for one florist⁵.

This improvement is particularly likely when that targeting is based on subscriber behaviour, as with trigger emails.

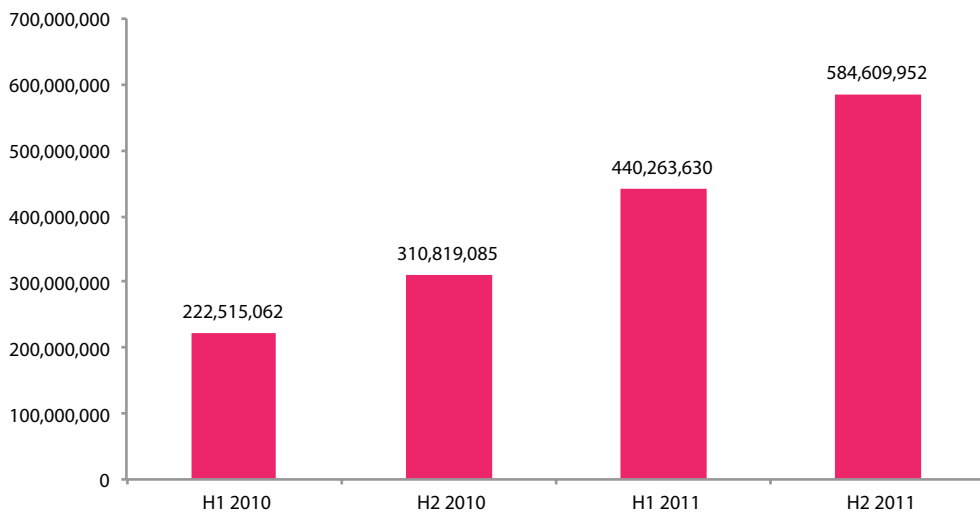
This does not, however, mask the continuing usefulness of more generic approaches. Targeted approaches can be – by definition – limited in scale.

Successful email marketers continue to use generic, broadcast campaigns for building volume and supplement these with more targeted campaigns to lift overall revenue per email. After all, contact frequencies remain at historical lows (Chart 1.10), so there is less risk of sending “too much email”.

1.7 List size

The 2011 email volume increase is certainly helped by massive corresponding growth in list size: in H2 2011, the average number of email addresses held by each ESP was almost **90% higher** than in the same period in 2010.

How many email addresses do you currently have under your management?



More active email address acquisition efforts, as revealed in Chart 1.5, certainly explain part of this growth, driven by economic necessity and the renewed importance of email marketing to business success.

Additional sources include:

- Address acquisition through new social channels
- Reactivation of dormant addresses
- Transfer of in-house lists to the ESP

5. MarketingSherpa (2011) [Email Awards 2012](#)

1.8 List growth via social channels and reactivation

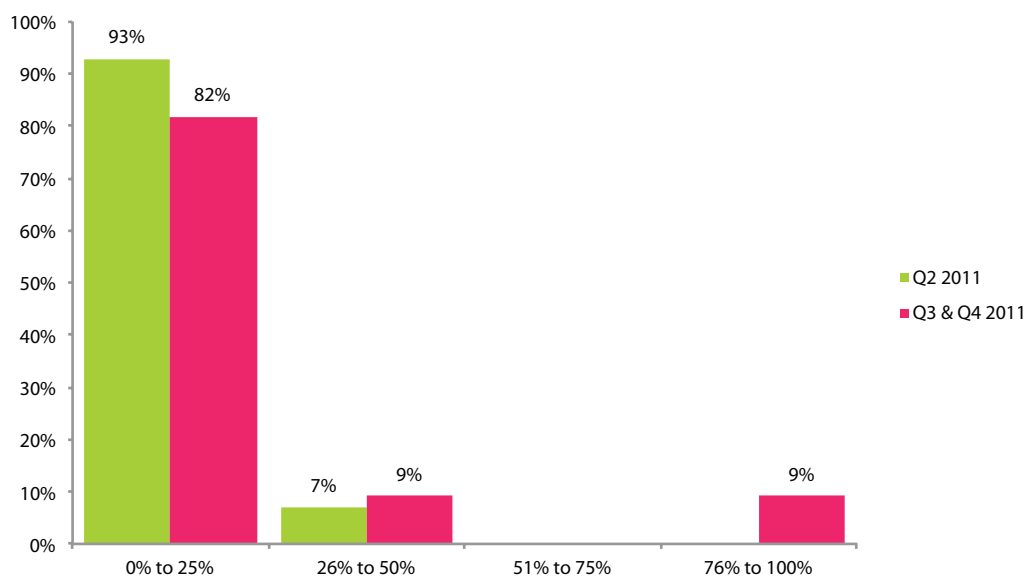
Integration of email and social marketing is still in its infancy, but currently centres around three areas of interest:

- Using social networks to grow email databases
- Using email to drive social network activity
- Sharing content between social and email

With social media still popular, many marketers have focused on using email to drive social network activity. This is evidenced by the use of social icons in commercial emails, encouraging subscribers to connect with the sender on a social network or share that sender's content on those networks.

Less attention is given to using social networks to grow email lists. 82% of ESPs still report that less than a quarter of their clients use this list growth approach.

What percentage of your clients are collecting email addresses using social media?



A key advantage of converting social network users to email subscribers is “commercial access”. As noted earlier, email messages **face far less competition for attention** in the inbox than, for example, a tweet in a Twitter stream.

They are also likely to **survive longer**: a DMA survey⁶ found that 38% of subscribers keep emails in their inbox for at least a week and 1 in 8 keep them there for over a month.

Surveys also regularly show that email is the **preferred direct marketing channel** for consumers⁷, regardless of where they might prefer to interact with commercial entities.

Email is better able to drive immediate conversions, whereas social networks (at least currently) are more suited to softer and more long-term marketing goals.

There are various promising approaches for list building via social media. For example:

- Using social network updates to:
 - Announce the theme, content or offer of the next email and linking to a sign-up form.
 - Announce the theme, content or offer of the most recent email and link to the web version, which includes a prominent CTA to sign-up for future emails.
- Embed links to sign-up forms and pages in social network profiles.
- Embed the sign-up form itself in the social network profile page.

Success is more likely where sign-up copy stresses the benefits of an email subscription, particularly any content or offers that would be unavailable through the social network.

6. DMA (2011) [Email tracking report 2011](#)

7. ExactTarget (2012) [The 2012 Channel Preference Survey](#)

Equally, adding “share with your network” links to email landing pages (articles, offers etc.) allows subscribers to indirectly promote the email list when they share this content with their own social networks.

Marketers may also have reactivated older, dormant opt-in addresses and lists that were ignored or neglected in the past.

The longer the time since an address last received an email, the greater the chance that this address is no longer valid (or may even have turned into a spam trap) and the more likely the recipient is to perceive or report the new message(s) as unwanted.

This can lead to delivery problems, but there are various approaches for reducing this risk:

1. Keep the “old” addresses on a separate delivery infrastructure so any issues don’t impact the main list. Carefully monitor responses and delivery metrics: once these resemble those on the main list, the two lists can be merged.
2. Gradually add “old” addresses into the main email list over a period of time, so the “active” addresses ensure any problems with the “old” addresses are diluted enough not to exceed any ISP threshold limits.
3. Send a reintroduction email, explaining when and where the subscriber signed up and how they will benefit from the emails coming their way. Performance and delivery metrics should also be monitored closely.
4. As 3, but require the recipient to confirm the opt-in again before continuing to mail to these addresses.
5. As 3, but expressly highlight a clear option to unsubscribe from further emails within the core message.

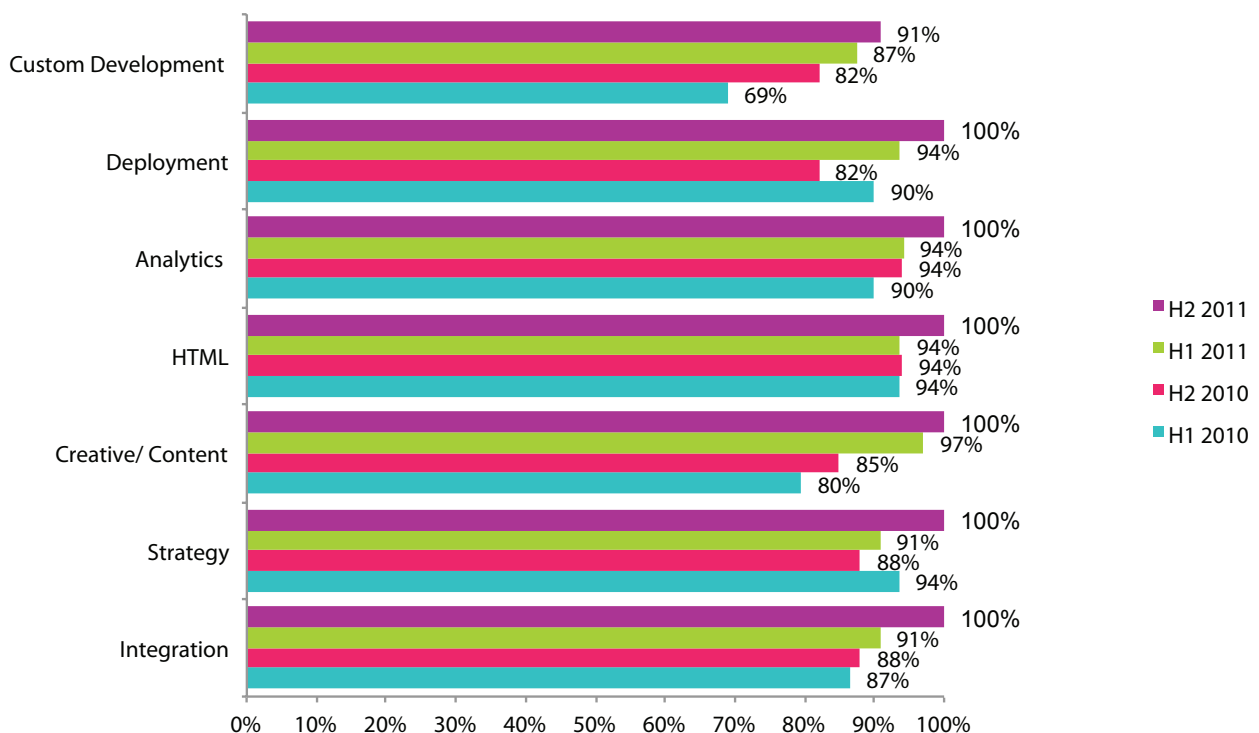
The appropriate approach varies on a case-by-case basis, dependent on factors such as time since last mailing, strength of the original opt-in, and the strength of the broader relationship between sender and subscriber.

Hybrid approaches are also possible. For example, “old” opt-ins for customers who have purchased recently might be merged into the existing email stream, while those who have not purchased recently are sent a reconfirmation email or left unmailed.

1.9 ESP services

Which of the following services do you provide to your clients?

As suggested earlier, reported list growth may also come from marketers transferring more in-house lists over to ESPs, particularly to take advantage of the list management and campaign tools they increasingly offer. The above chart shows across-the-board increases during 2011 in the kinds of services provided by ESPs.



1.10 Contact frequency

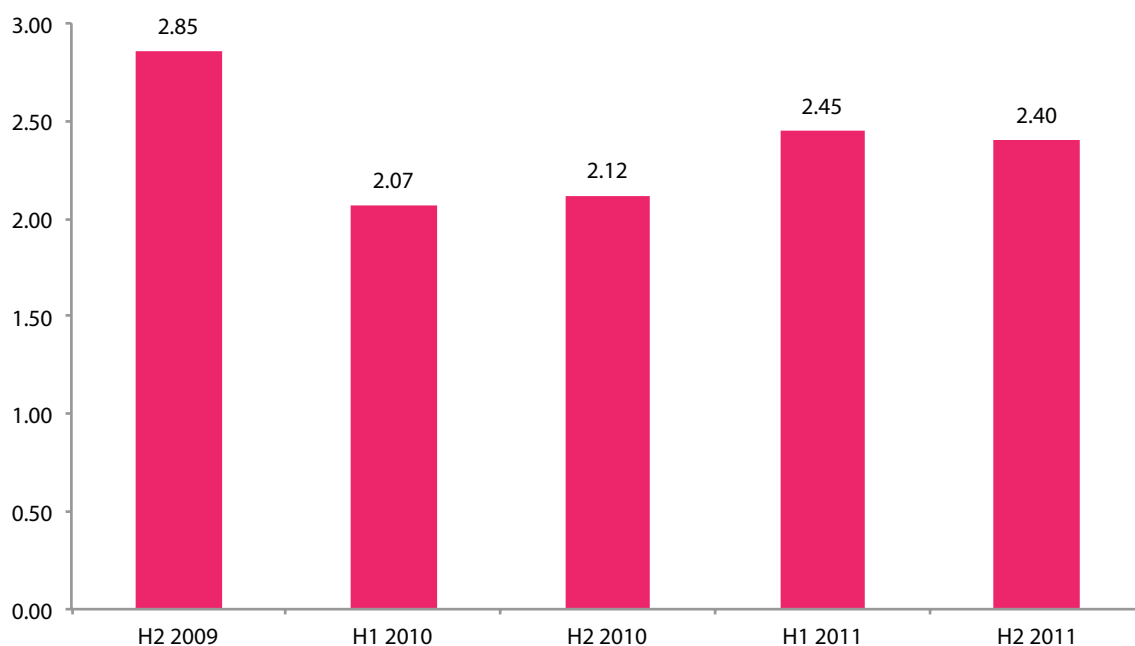
Again, as noted before, some of the volume increase stems simply from greater contact frequencies in 2011 when compared to the previous year.

Mailing frequencies in H1 2011 were some **18% higher than H1 2010**, while contact frequency in H2 2011 was **13% higher than in the same period in 2010**.

These frequencies are still relatively low, at under 2.5 emails per month. This falls well short of previous levels. In Q2 2008, for example, each address got an average 5.44 mails per month.

Frequency has always been a major issue in the industry, with marketers concerned that “over-mailing” might lead to subscriber fatigue, unsubscribes, spam reports and thus delivery problems. This is far less likely to occur at such low frequency levels.

How many times on average is each address under management contacted per month?



Indeed, the uptake in frequency in 2011 is likely to stem from a growing understanding that:

- Recipients have learnt to better distinguish between “real” spam/phishing emails and commercial permission-based email. Acceptable frequency thresholds for the latter are more related to the value delivered in the emails and the strength of the wider relationship between sender and recipient.
- Segmentation and targeting lifts the value of the emails to the recipient, in turn lifting the acceptable frequency threshold.
- Inboxes are not as crowded with permission-based commercial email as was previously thought. The DMA’s 2011 consumer survey⁸ found that around half the consumers surveyed were getting less than three emails a day from trusted brands.
- By erring too far on the side of caution, marketers are missing out on increases in absolute responses that might come from increasing frequency.

1.11 Factors in email success

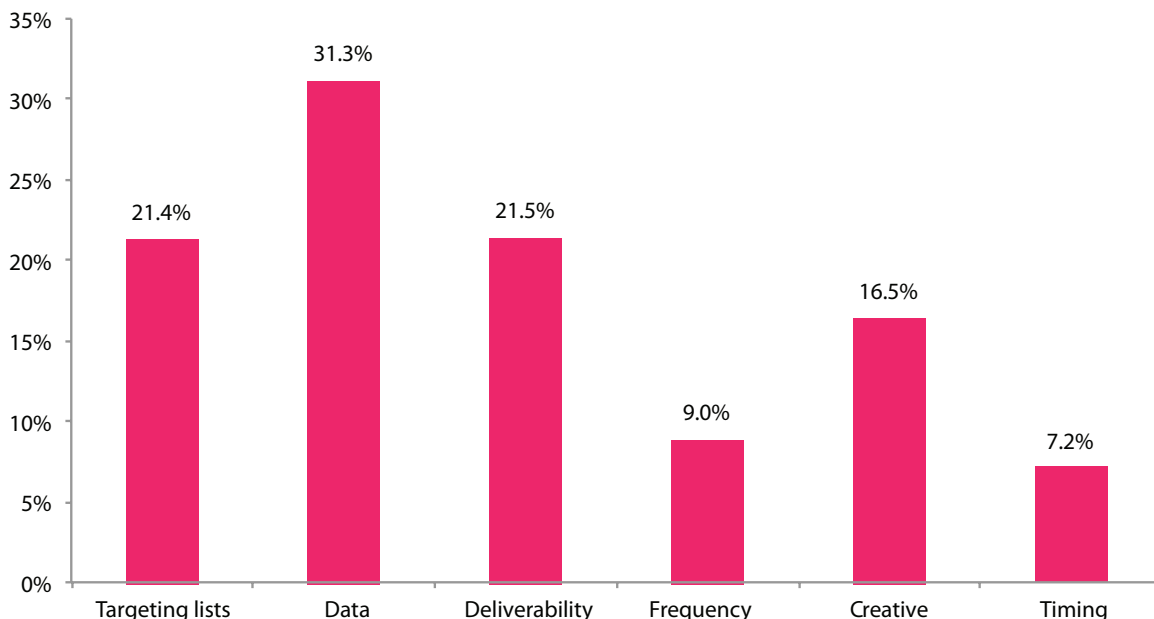
The relative decline in the importance attached to frequency is echoed in the chart below from H1 2011.

ESPs used to attribute much of an email campaign’s success to closely optimising frequency and timing, but these factors are now seen as less important than data, targeting and deliverability. That’s not to say that timing and frequency are unimportant, just that their position as priority issues has eroded.

8. DMA (2011) [Email tracking report 2011](#)

However, it's not yet clear how mobile email use will influence the role of both these factors in future. Mobile opens tend to peak more in the early morning and late evening than is traditionally the case with desktop email use⁹.

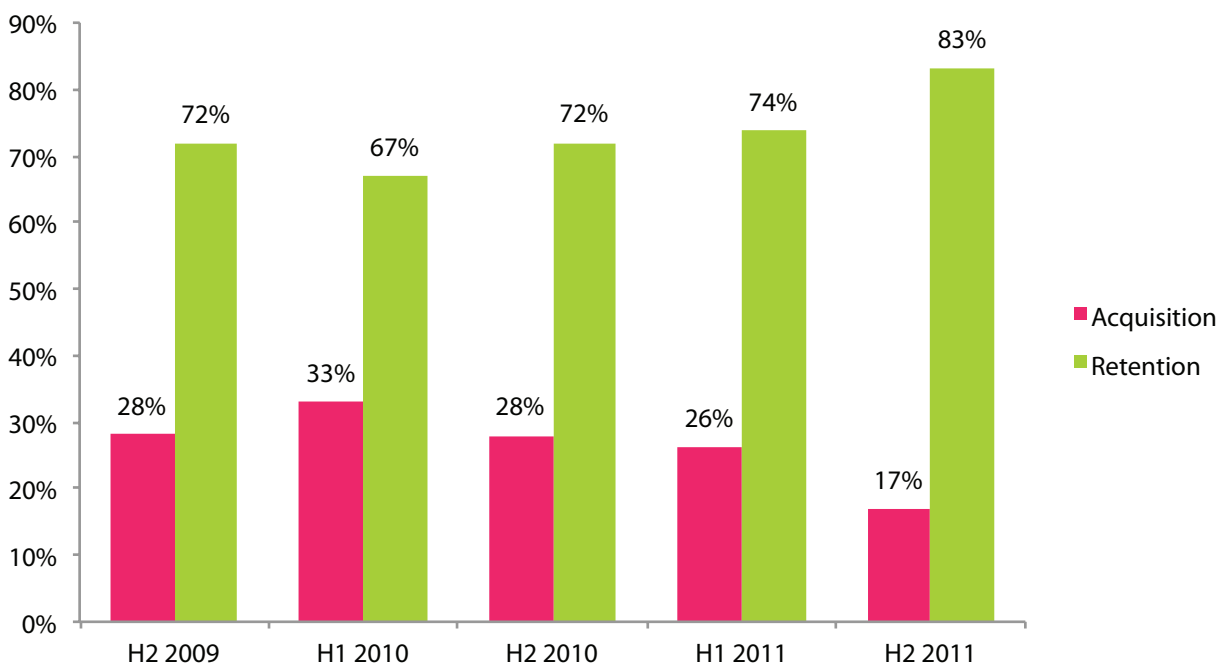
What percentage of the success of an email marketing campaign would you attribute to the following?



1.12 Retention versus acquisition

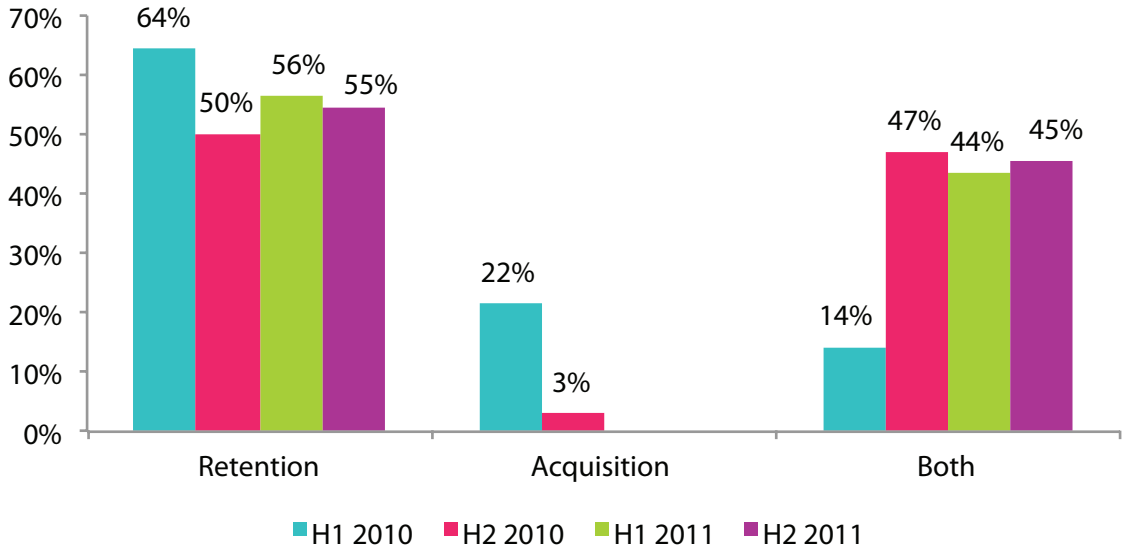
A final factor in increased volumes might also be the drift toward more retention email, which hit a long-term **high of 83%** by mailing volume in the second-half of the year. On a CPM basis, sending email to house lists is far cheaper than rented lists, allowing marketers to send more email for the same or less outlay.

What percentage of your mailing volume is...?



9. Knotice (2012) [Mobile Email Opens Report: 2nd half 2012](#)

What is the main type of email activity undertaken?

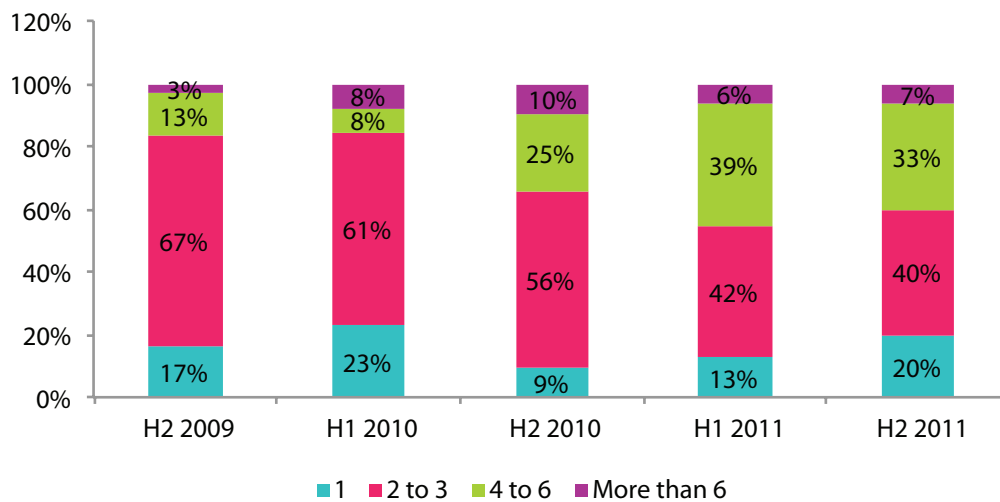


2. Strategy and segmentation

2.1 Segmentation practices

H1 2011 saw growth in basic segmentation involving 4-6 cells, which dropped back again in H2, reflecting the rise in bulk campaigns discussed earlier.

How many cells or segments are typically in each campaign?



In previous reports, a focus on broadcast email or a lack of segmentation was widely regarded as the result of an unwillingness or inability to practice more sophisticated email marketing. This is perhaps no longer the case.

The future success model in email marketing is commonly touted as a shift from broadcast mail to individualised email relatively unique to each recipient. This uniqueness comes either from content (customised to subscriber preferences, data or behaviour) or timing (triggered by subscriber data or behaviour).

While a few organisations have pursued this model, the hybrid version is gaining prominence as a more pragmatic and less cost and data-intensive approach.

As outlined in Section 1, this entails a mix of broadcast (for increased volume) and trigger/targeted email (for increased revenue per email). As such, more bulk, broadcast email is increasingly a conscious decision, rather than a default option.

The continuation of bulk, broadcast email also stems from growing recognition of the indirect benefits of email, which raises the value and ROI of this bulk email.

This refers to both the ability of email to induce a response in other channels (type-in website visits, relevant searches at Google, offline purchases, event registrations, etc.) and its ability to drive long-term response through increased loyalty, awareness or simply an inbox presence.

2.2 Individualisation practices

The development of this hybrid approach still has some way to go, as evidenced in the chart below. The proportion of clients who individualise their emails is still **relatively low** when compared with the availability of the necessary tools.

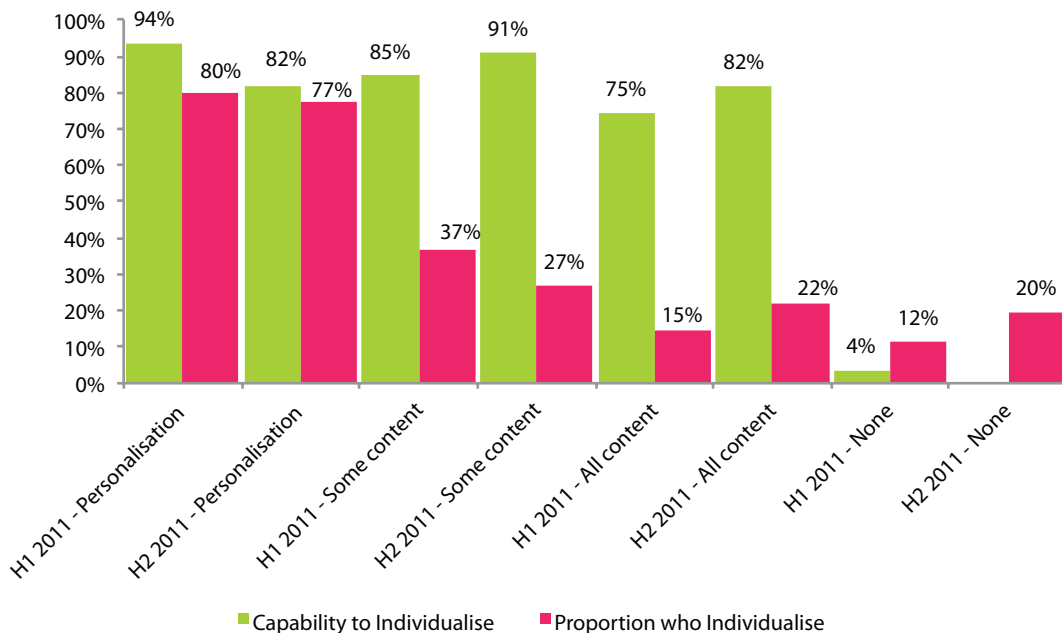
The conventional understanding of segmentation and individualisation is also changing.

Previously, individualisation was all about content, while segmentation was all about identifying groups of subscribers sharing one or more useful characteristics.

As stated above, individualisation can also be in terms of timing, such as when send times are customised for each subscriber based on when they opened previous emails or when emails are triggered by an abandoned cart, website visit or subscriber birthday. A trigger email campaign may feature generic content (like a birthday message) but is still **highly targeted**.

Equally, is it still segmentation in the classic sense when every email is customised on the fly with a combination of content unique to each subscriber?

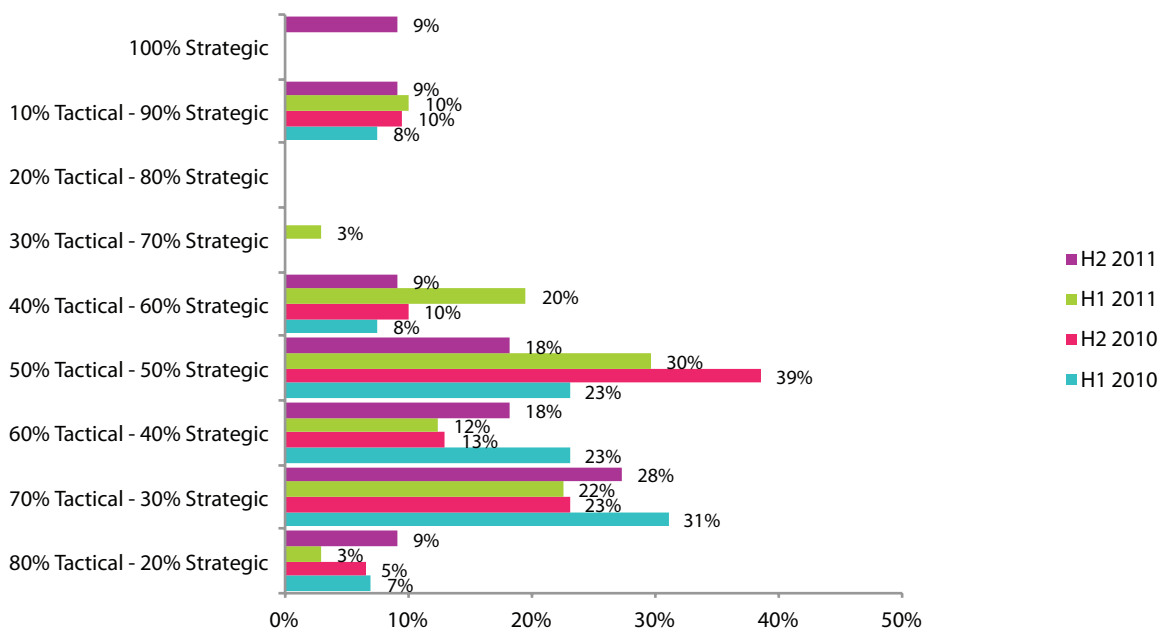
To what extent do you have the capability to individualise the email campaigns sent? What percentage of your clients individualise their emails?



2.3 Strategic versus tactical approaches

A mature email perspective is also reflected in a growing number of ESP clients taking a predominately strategic approach to their email marketing:

What % of your clients have a strategic versus tactical approach to their email marketing?



2.4 Key opportunities

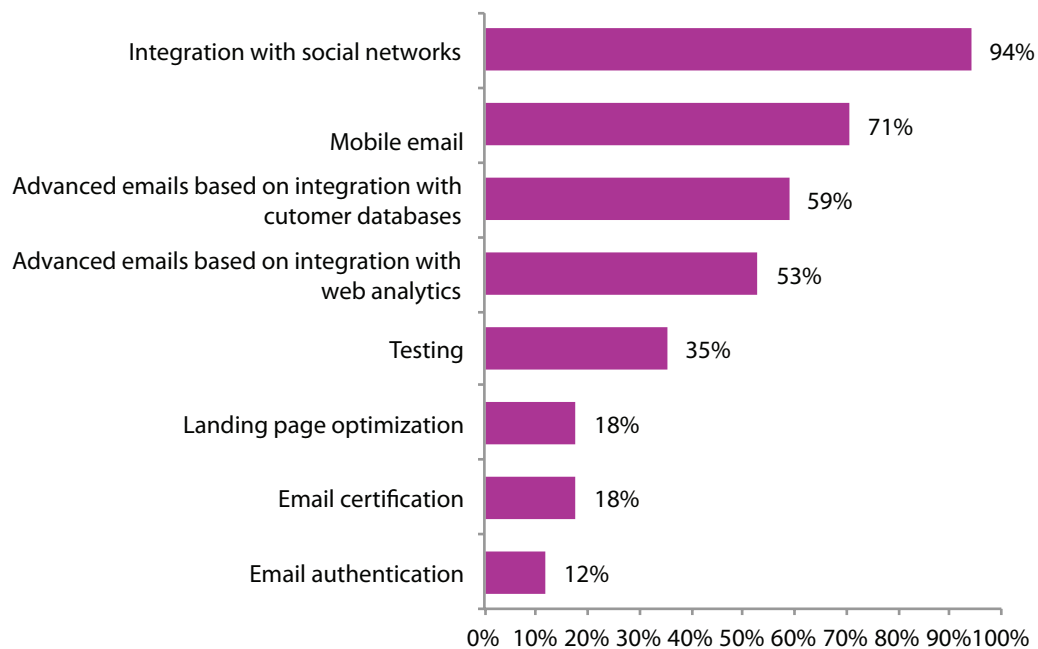
Asked about the future opportunities for email success, ESPs were upbeat about the role of targeting based on customer data and customer online behaviour. They also broadly support the required integrations (see charts below).

The greatest opportunities are seen in mobile email and integration with social networks.

Although there are measurement difficulties associated with assessing the true use of mobile email, we know this use is growing rapidly. For example:

- A recent YouGov survey¹⁰ found 47% of UK mobile phone users already own an (email-friendly) smartphone
- The STEEL digital agency revealed¹¹ that 55% of 18 to 34-year-olds read marketing emails on their smartphone.
- Apple sold 37.04 million iPhones and 15.43 million iPads in Q4 2011 (both numbers represented record quarterly sales for these email-friendly devices)¹².
- Return Path found email opens on mobile devices were 34% higher in April-September 2011 compared with the preceding six months¹³.
- Knotice found email opens on mobile devices increased to 27% in H2 2011, up from 20% during H1¹⁴.

What do you perceive as the biggest opportunities for email success in 2011?



As with social/email integration, mobile email optimisation is also at an early stage.

There are three associated challenges faced by marketers:

- Adjusting email design and copy to cope with various display approaches, such as the greater prominence for from lines on many smartphones and the wider range of screen sizes.
- Adjusting email design for increased use of touchscreens, requiring finger-friendly layouts.
- Adjusting email strategy to account for changing email habits driven by growing mobile use. Particularly, adjusting strategy, measurement and evaluation to account for:
 - Viewing an individual email on a single device only to viewing it on multiple devices in multiple locations
 - Changing open time patterns
 - Changing user contexts, with email use leaving the office and home environment for a multitude of alternatives that vary from sitting on a train on the way to work to standing on a mountain peak while on holiday

10. YouGov (2012) [Smartphone vs. standard](#)

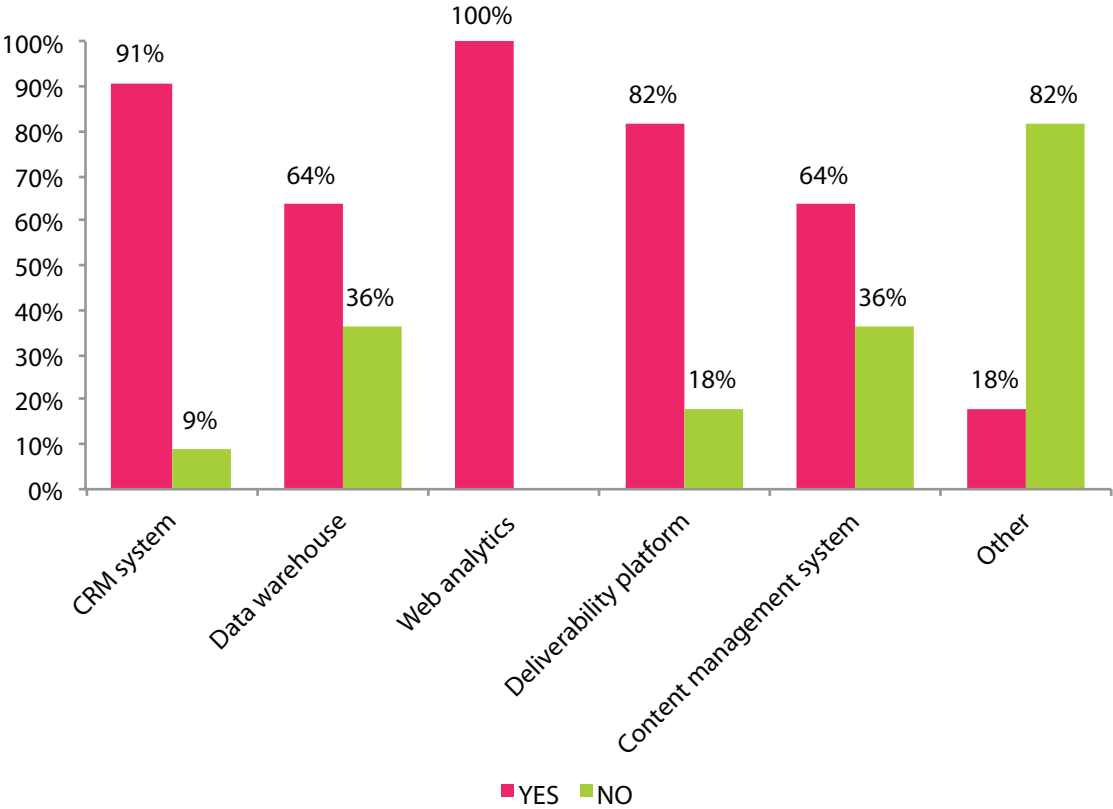
11. MarketingWeek (2012) [Shining on the small screen](#)

12. The Guardian (2012) [Apple announces record sales of iPhones and iPads](#)

13. Return Path (2011) [Return Path Report Shows Mobile Platforms' Growing Impact on Email Viewership](#)

14. Knotice (2012) [Mobile Email Opens Report: 2nd half 2012](#)

Does your platform integrate with other software tools?



3. Benchmark performance metrics

So how did all these changes to volume, frequency, etc. impact performance metrics?

3.1 Metrics overview

While open and click rates were within long-term norms for acquisition emails, they fell back from 2010 highs for retention messages.

Average unique open rates for retention email dropped to a **two-year low** of 20% in H1 and H2, while average unique click through rates reached **their lowest ever value** in H2 2011 at 6%.

This rather bleak picture is, however, not as bleak as it appears at first sight.

Opt-out rates did not rise, but actually fell through the year to a long-term low of 0.3% for both acquisition and retention email. This suggests the partial refocus on broadcast email in H2 and the rise in contact frequency in 2011 did not lead to greater disillusionment among subscribers and to more unsubscribes.

This confirms the idea that “over-mailing” is not the priority issue it was once regarded as.

Click-to-open rates actually rose in H1 before falling again in H2, suggesting the **main “problem” is deliverability**, which impacts opens and clicks, but not click-to-open rates. Indeed, Chart 4.4 reveals that inbox deliverability fell significantly. H2 inbox delivery rates for retention email, for example, were almost 10% lower than in H2 2010.

The reactivation of older addresses and lists would also explain lower metrics: subscriber interests may have changed since the previous mailing (if there was one at all).

Finally, the increase in bulk email and contact frequency might simply have led to less attention for each individual email, as you would expect.

A reduction in rates does not, of course, necessarily mean a reduction in actual opens and clicks. Combining performance metrics with contact frequencies and sender volumes gives the following results (retention emails):

	H1 2010	H2 2010	H1 2011	H2 2011
Unique opens / subscriber / month	0.497	0.509	0.488	0.480
Unique clicks / subscriber / month	0.145	0.191	0.171	0.144
Total unique opens	66,610,232	95,306,481	114,698,484	162,989,716
Total unique clicks	19,427,984	35,739,931	40,144,469	48,896,915

Thanks to higher contact frequencies, H1 2011 actually delivered more clicks per subscriber per month than H1 2010 even though click rates were lower. Equally, the changes in actual unique clicks and opens are not nearly as dramatic as suggested by changes to rates. In terms of industry totals, retention emails sent through ESPs produced just over **89 million clicks** for their clients in 2011, **61% more** than in 2010.

Exploiting the volume / frequency / rates trade off with bulk campaigns has its limits, of course, when you reach a frequency level that does trigger enough fatigue, unsubscribes or spam reports to pull total responses and/or long-term profitability down. At the moment, though, this seems not to be the case. Of course, responses are also only one side of the equation – more sent email means additional costs for sending and creating campaigns.

3.2 Sector performances

In H2 2011, a small number of survey participants were able to report performance metrics for individual industry sectors. The different sample size makes comparison with the general results inappropriate. This is the first time such data has been collected in the DMA benchmark survey and future reports will pay closer attention to these industry numbers as they track changes with time. This is not, of course, possible with these first snapshot results.

Of the five sectors covered in the survey (retail, finance, travel, B2B and publishing), only the latter differs from a broad average for opens, with a reported open rate of 13% for publishing compared to 15-16% for the others.

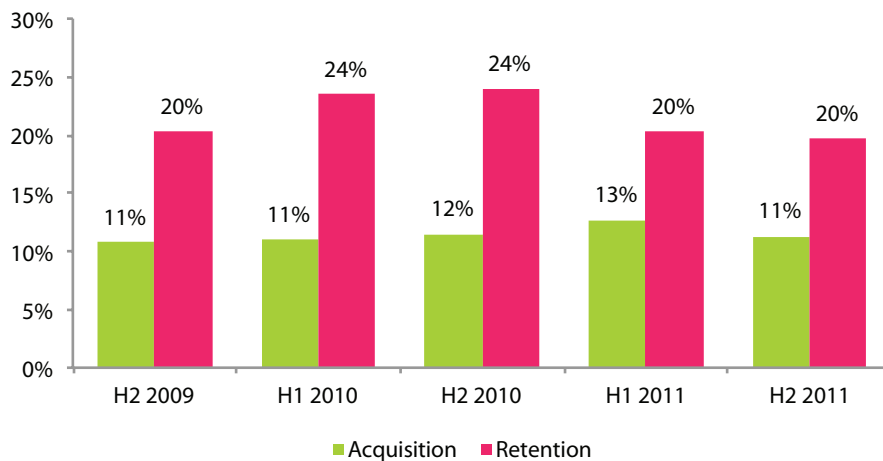
The travel and retail sectors are best at driving unique clicks, with reported CTRs of 6.7% and 10% respectively. B2B performs worst here, with a 2.6% unique click through rate.

The highest opt-out rate is for travel emails at 0.33. Travel's position is perhaps inevitable given that people's travel interests are likely to change more frequently than, for example, their news interests. And 0.33% is still a low rate for unsubscribes.

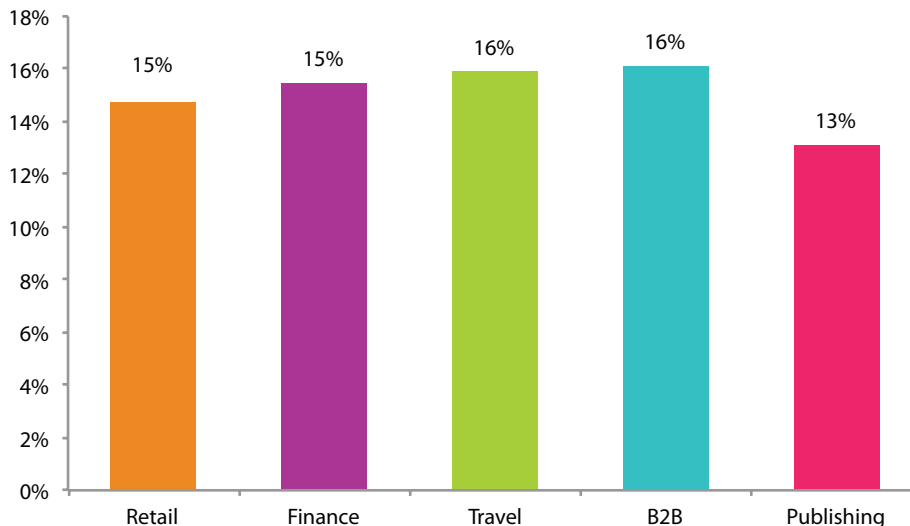
Industry benchmarks for click rates are broadly similar to North American results¹⁵ for the retail and publishing sectors. The click performance of the UK travel sector is better than the reported North American figure (10% versus 4.3%) while B2B click performance is worse (2.6% versus 4.4%), as is the performance of the financial sector (4.7% versus 5.8%).

3.3 Unique open rates

Average Unique Open Rate (in %)



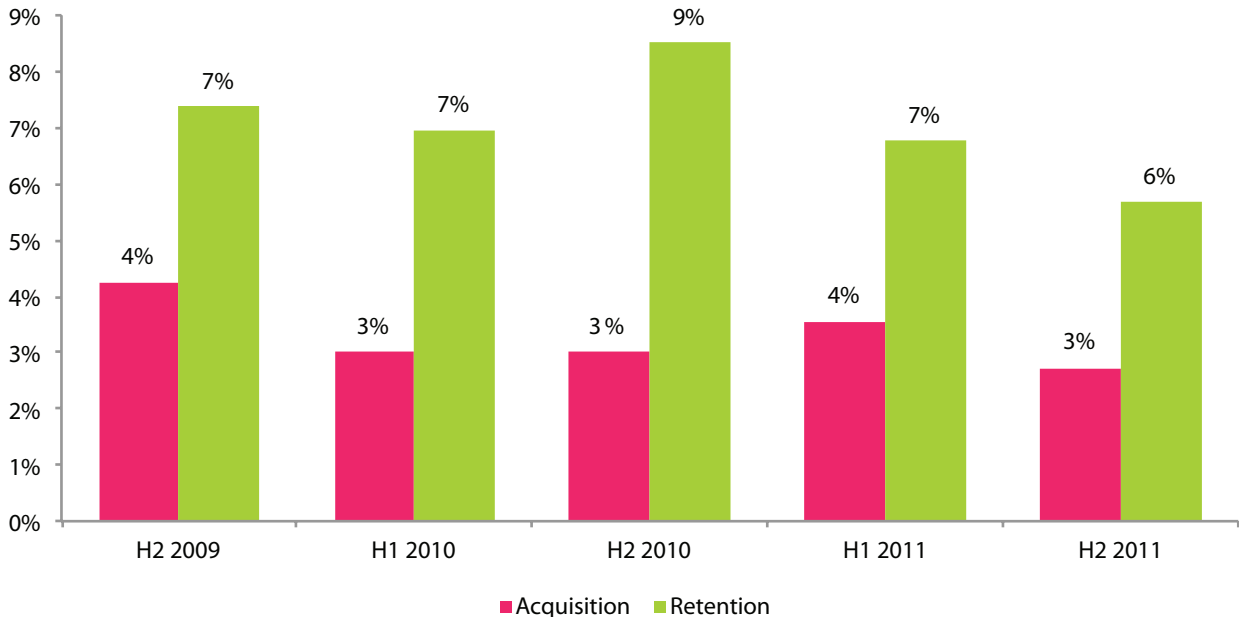
Average Unique Open Rate (by sector, limited sample)



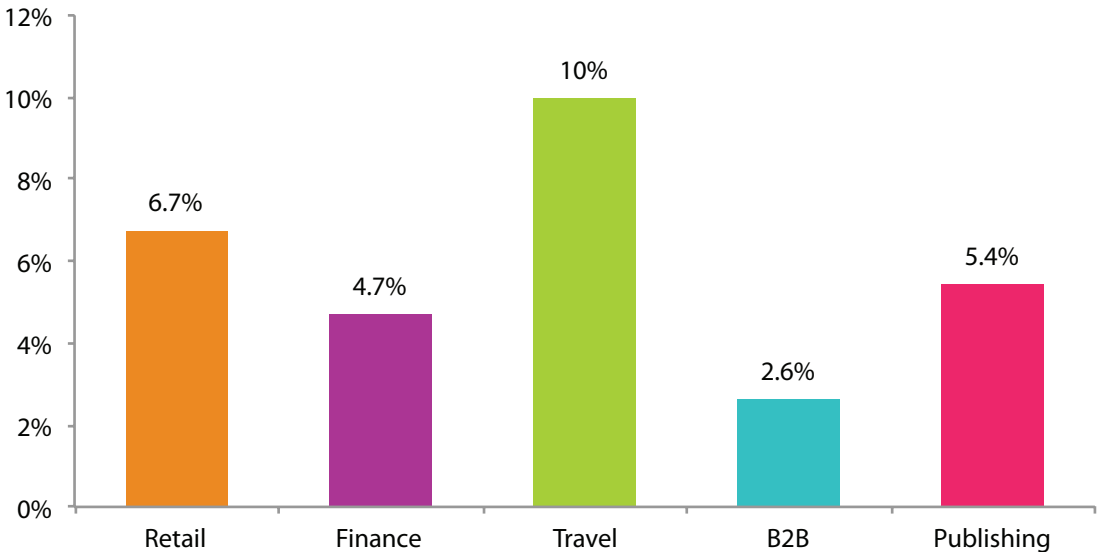
15. Epsilon (2012) [Q4 2011 Email trends and benchmarks](#)

3.4 Unique click through rates

Average Unique Click Through Rate

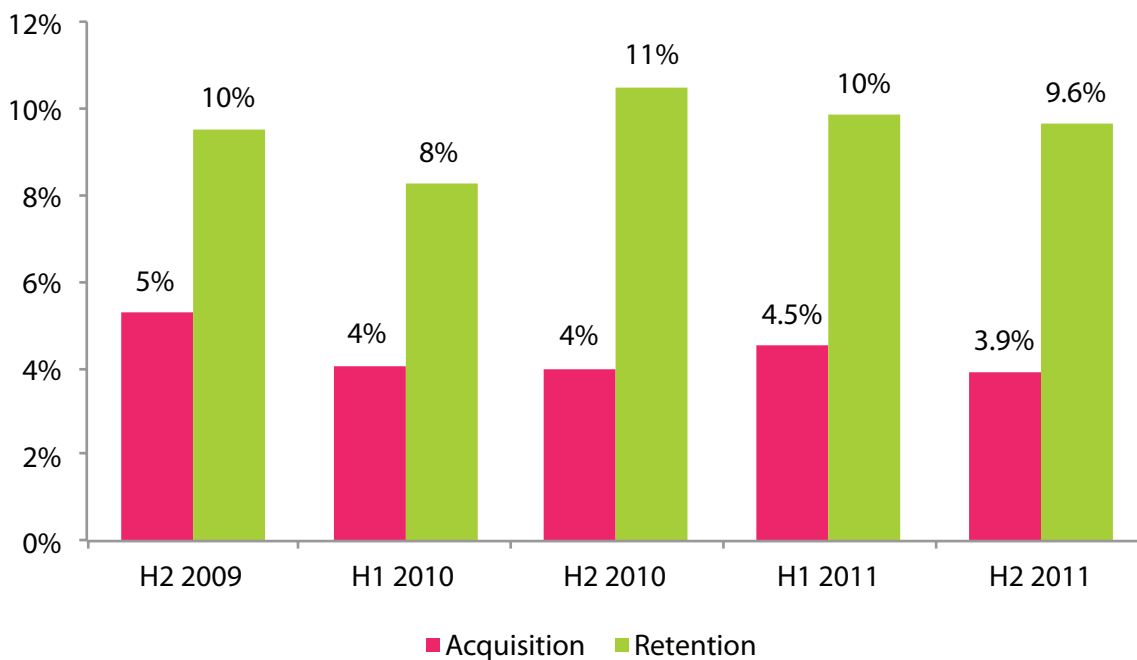


Average Unique Click Through Rate (by sector, limited sample)

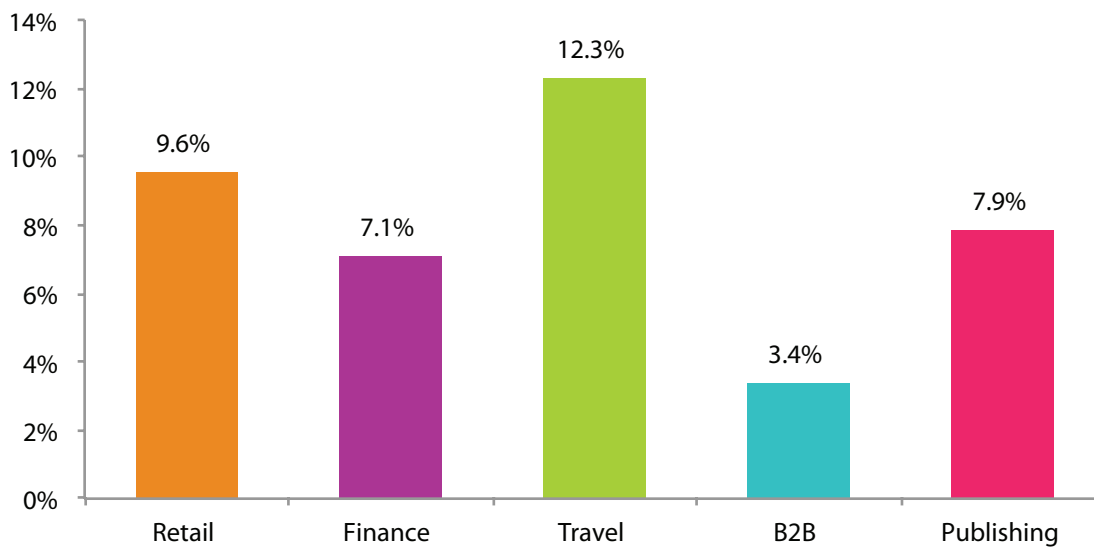


3.5 Total click through rates

Average Total Click Through Rate

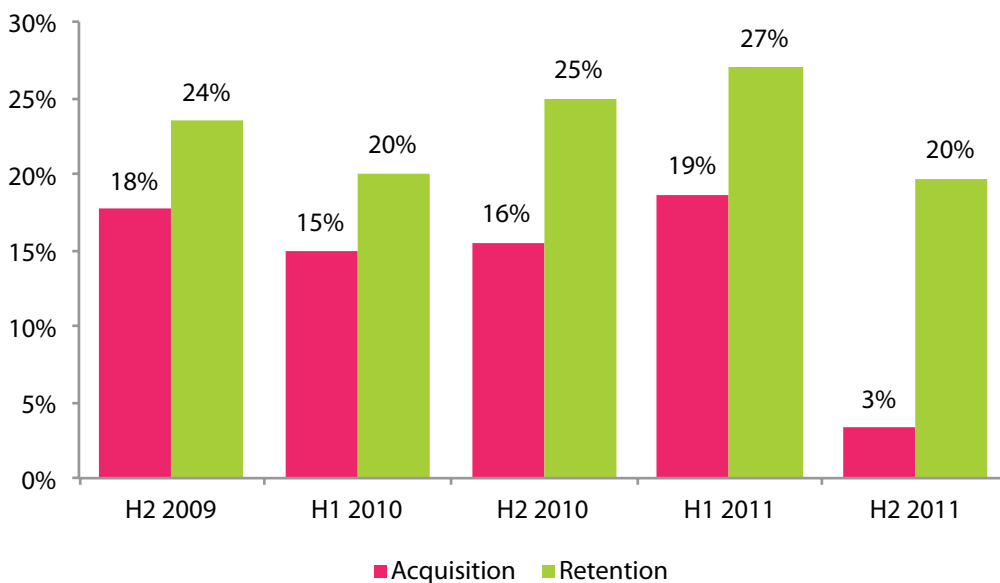


Average Total Click Through Rate (by sector, limited sample)



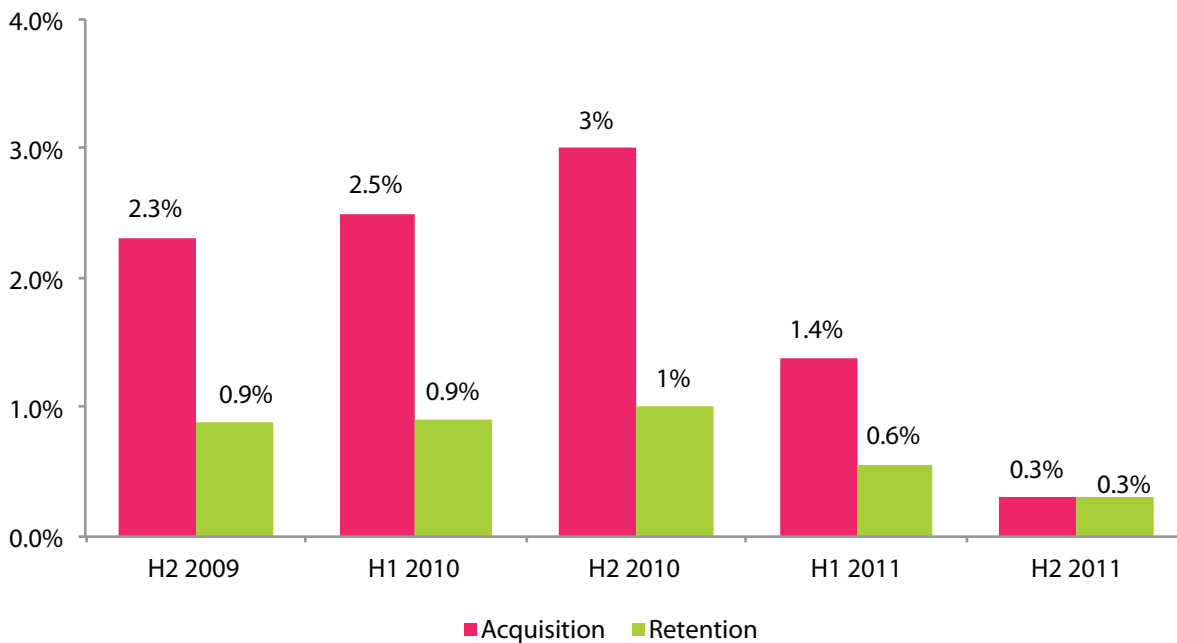
3.6 Click to open ratio

Average Click-to-Open Ratio?

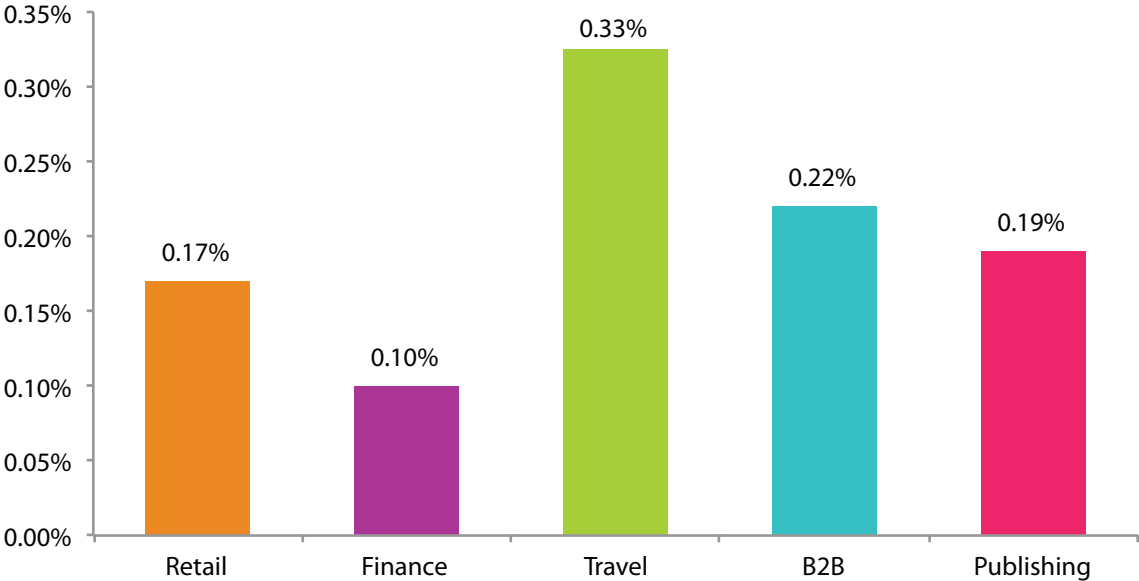


3.7 Opt-out rate

Average Opt-out-Rate



Average Opt-out-Rate (by sector, limited sample)



4. Benchmark deliverability metrics

As revealed in Section 3, deliverability metrics fell in 2011, countering the previous long-term positive trend.

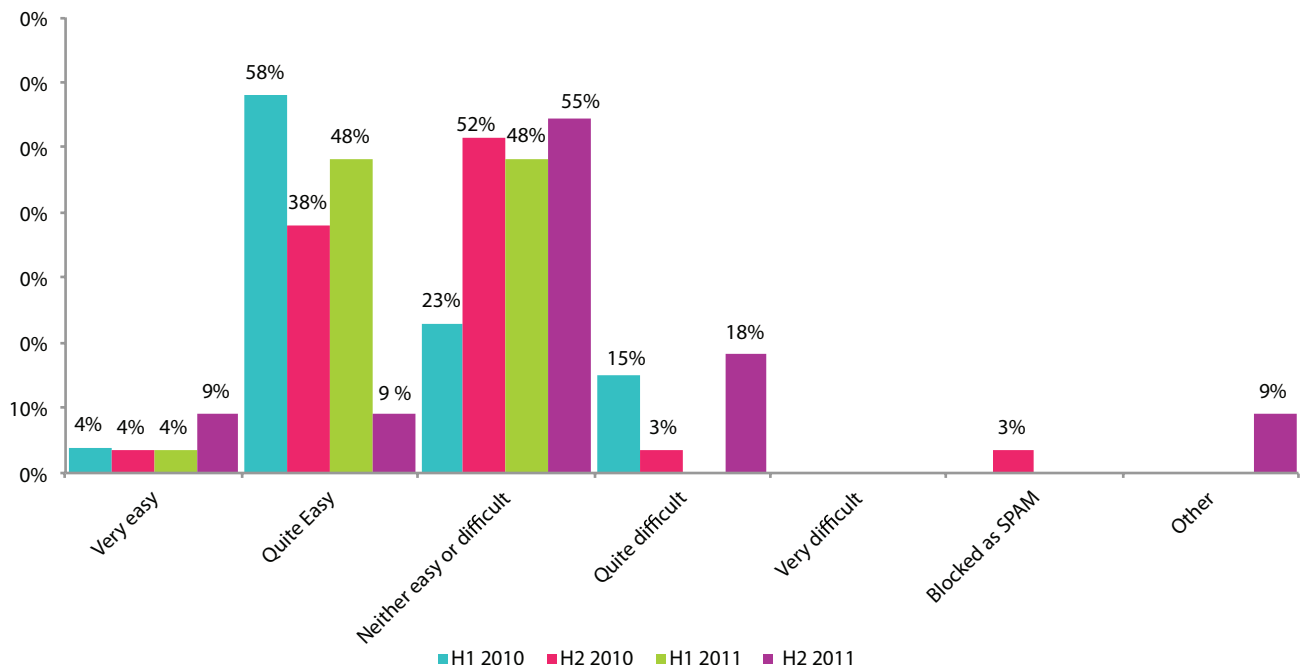
4.1. Deliverability overview

In 2011, the broad perception was that deliverability was not the number one issue it used to be.

The DMA's 2011 client survey¹⁶ revealed that deliverability was no longer the top concern of email marketers, with 43% fewer respondents citing it as an issue in 2011 compared with 2010. Chart 2.4 also shows ESPs felt that certification and authentication were not major opportunities for email success in 2011 and Chart 1.11 reveals that "data" was regarded as the top factor driving email success, with "deliverability" coming equal second with "targeting lists".

This perception seems likely to change again as delivery problems became more evident in the second half of the year. Indeed, H2 2011 already saw a shift in attitudes among ESPs, with 18% finding inbox delivery "quite difficult".

Given the technological changes in email, how easy do you find it to deliver email messages to the recipient's inbox at the moment?



Average delivery rates **actually rose** in 2011, reaching long-term highs for both acquisition and retention email (97% for the latter throughout the year).

The problem was in inbox delivery rates. After a period of continuous improvement, these dipped slightly in H1 2011 and then dropped significantly in H2. In the second half of the year, inbox delivery rates for acquisition email **dropped 20%** to a low of 60%. Inbox rates for retention email **dropped 8%** to a low of 85%.

As always, there are likely several factors at play here.

Poorer inbox delivery would normally be associated with a worsening sender reputation, in turn suggesting a rise in spam complaints. This seems unlikely given unsubscribe rates (which typically mirror complaint rates) are at long-term lows.

Another key contributor to sender reputation is bad addresses, but hard bounces actually decreased across the year.

16. DMA (2012) [National client email report 2012](#)

This conundrum is solved when looking at soft bounce thresholds. In H2 2011 these were relaxed significantly by ESPs. In H1 2011, for example, soft bounces were removed after an average 2.84 bounces. In H2 2011 this figure was 3.75.

This delay in removing undeliverable email addresses would lead to more bad addresses on lists and thus reduce sender reputation, in turn affecting inbox delivery. A dip in response rates might also affect engagement metrics contributing to sender reputation.

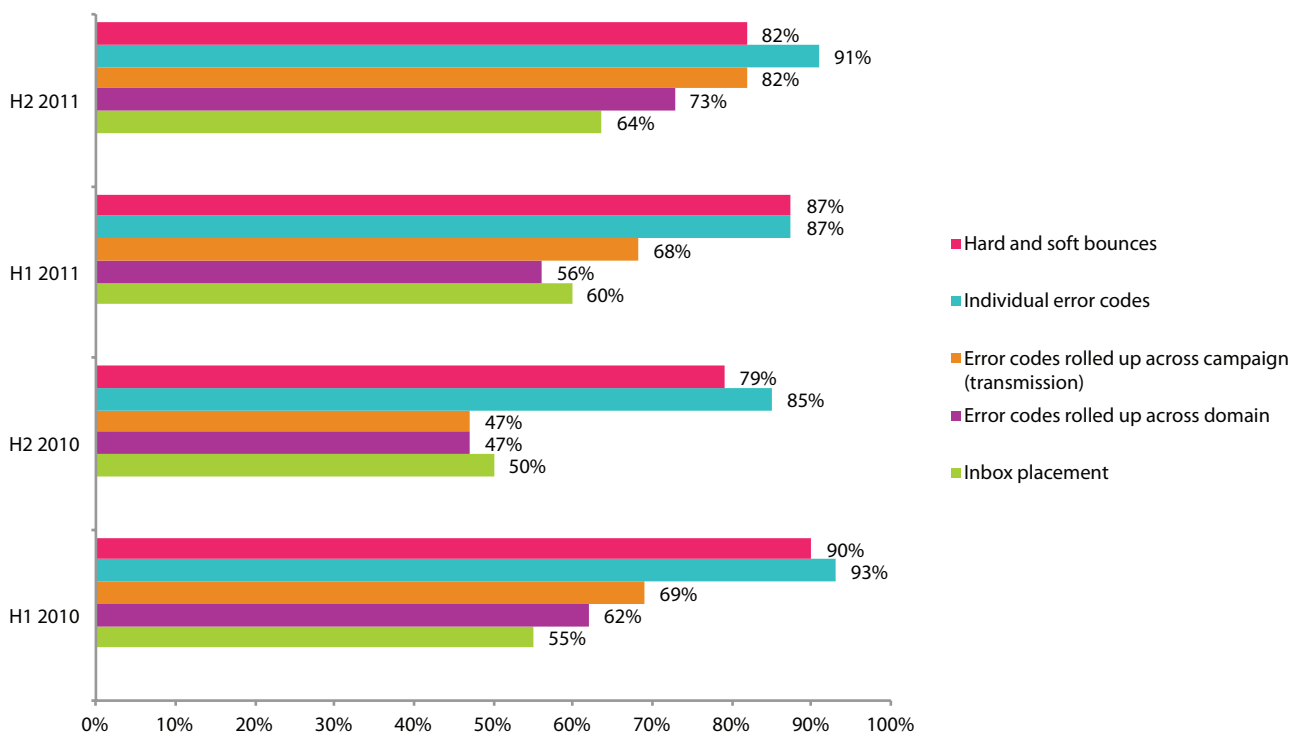
Complacency regarding deliverability is clearly not advisable. Even if reductions in open and click rates are more than compensated for by increased net responses through greater sender volumes, there is no guarantee that this success will continue.

Deliverability also remains a dynamic topic and authentication practices continue to evolve, with a recent development being the DMARC (Domain-based Message Authentication, Reporting & Conformance) initiative¹⁷.

The makeup of sender reputation also changes as ISP's experiment with the weight given to different engagement metrics in sorting "good" from "bad" email, and also look to shift from reputation based on IP address to one based on the sending domain. There is also some suggestion¹⁸ that content filtering may play a greater role again to combat the proliferation of spam from hijacked or new IP addresses.

As such, it's good to see the availability of different deliverability metrics and tracking tools having expanded at ESPs during 2011.

To what level do you track deliverability?



4.2 Sector performances

The role of bad addresses in deliverability is emphasised in deliverability metrics for individual sectors. Delivery and inbox delivery rates are highest for the retail sector, who also show the lowest hard bounce rate.

Retail emailers tend to send more often than their counterparts in most other sectors, so there is less time for bad addresses to accumulate on a list before the "next send". So while the number of bad addresses may be the same across the year, the number of bad addresses on any one individual "send" is typically lower, which would help sender reputation for retail senders.

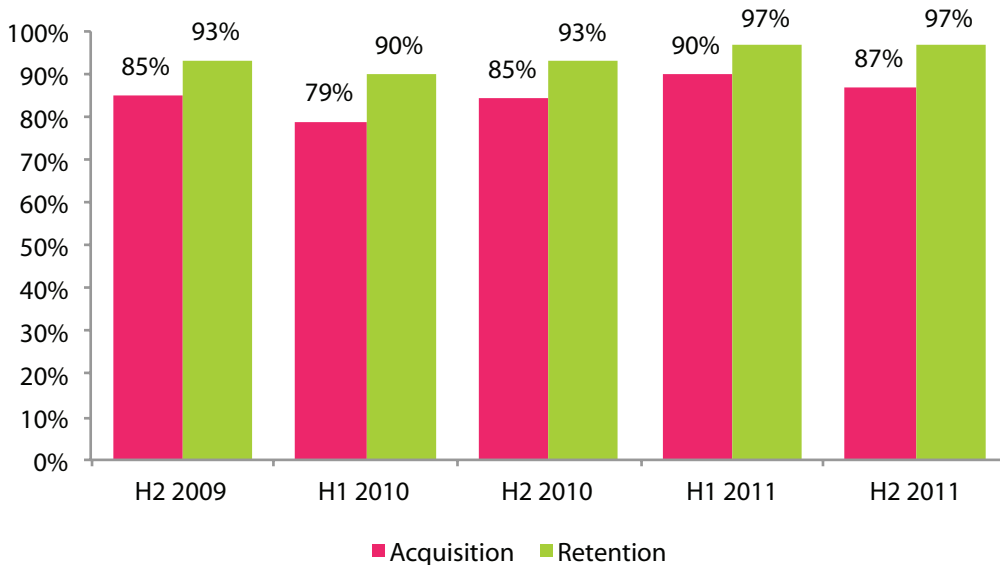
17. <http://www.dmarc.org>

18. Word to the Wise (2011) [IP reputation and the bulk folder](#)

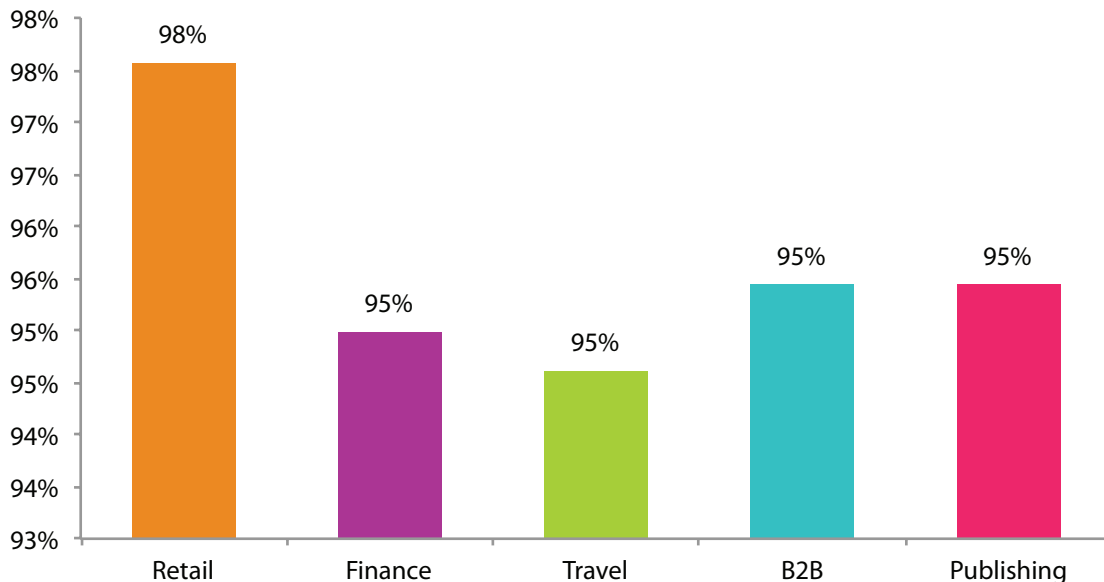
Conversely, due at least in part to less-frequent sends, B2B senders perform the worst, with lowest inbox delivery rates and the highest hard bounce rates.

4.3 Delivery rates

Average Delivery Rate

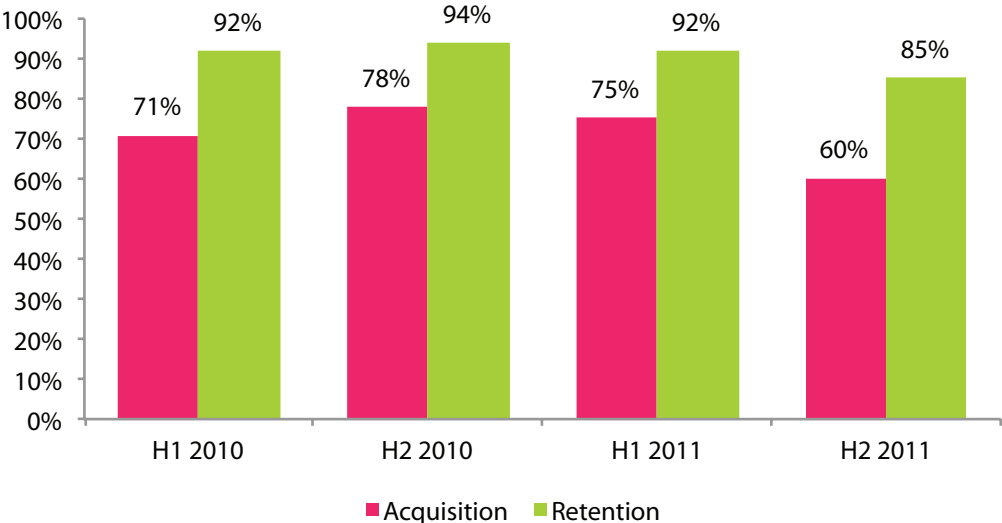


Average Delivery Rate (by sector, limited sample)

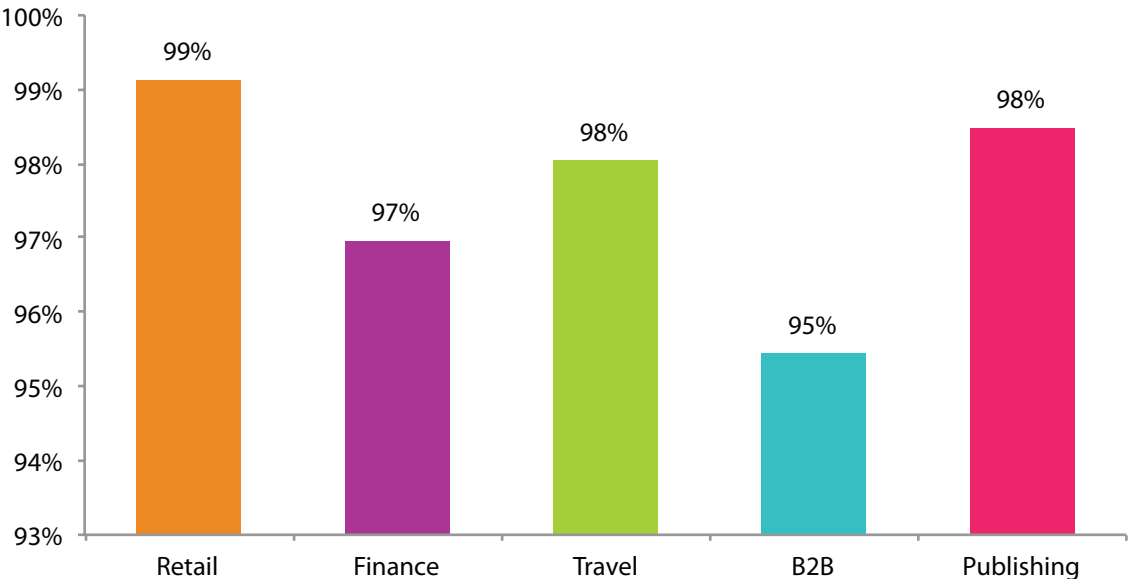


4.4 Inbox delivery rates

Average Inbox Delivery Rate

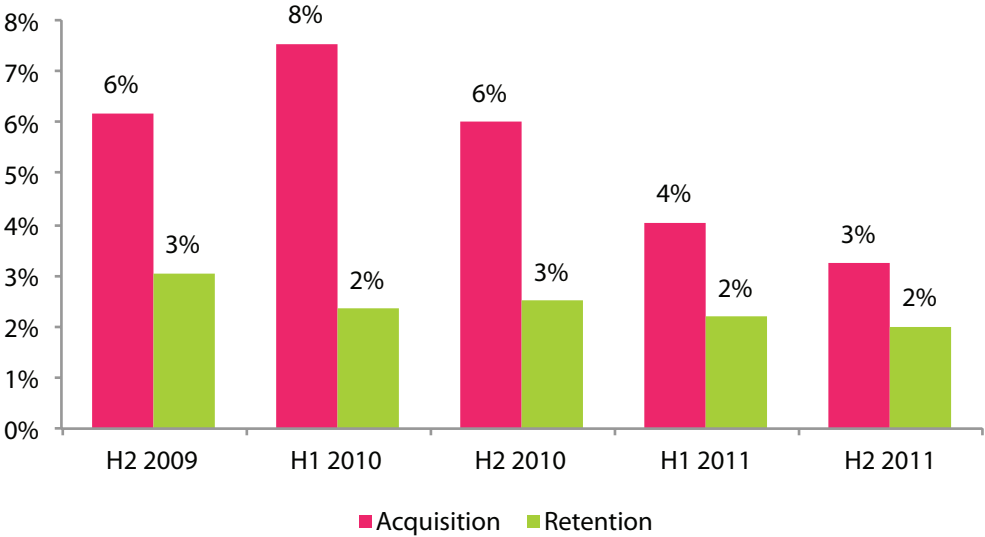


Average Inbox Delivery Rate (by sector, limited sample)

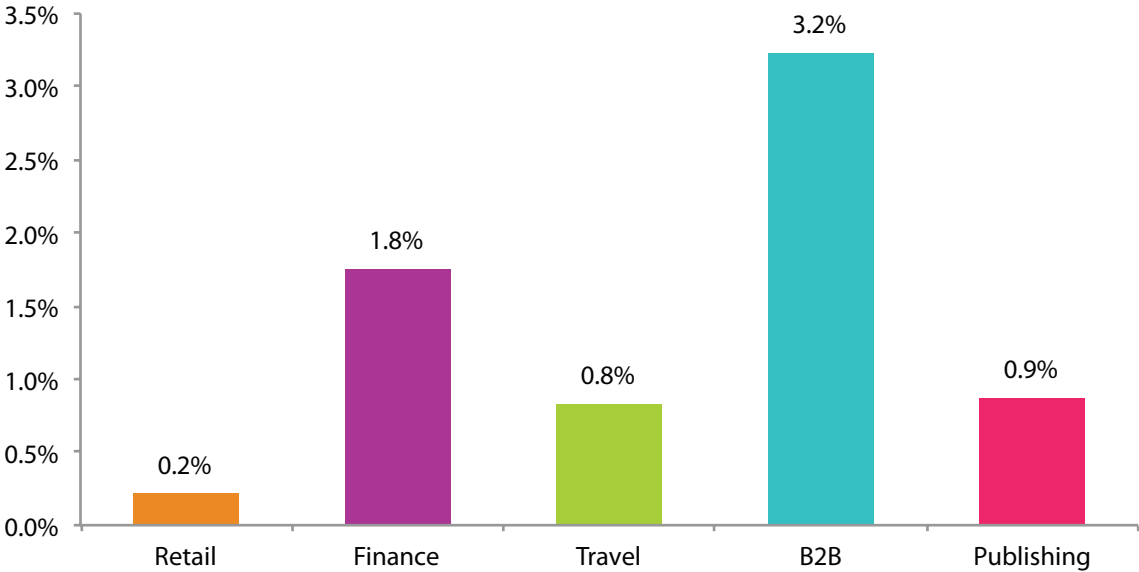


4.5 Hard bounce rates

Average Hard Bounces Rate

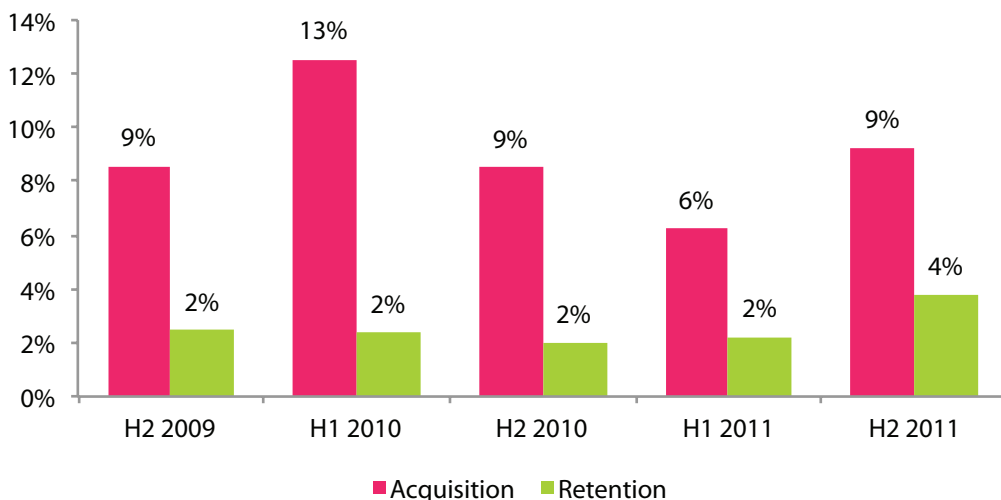


Average Hard Bounces Rate (by sector, limited sample)

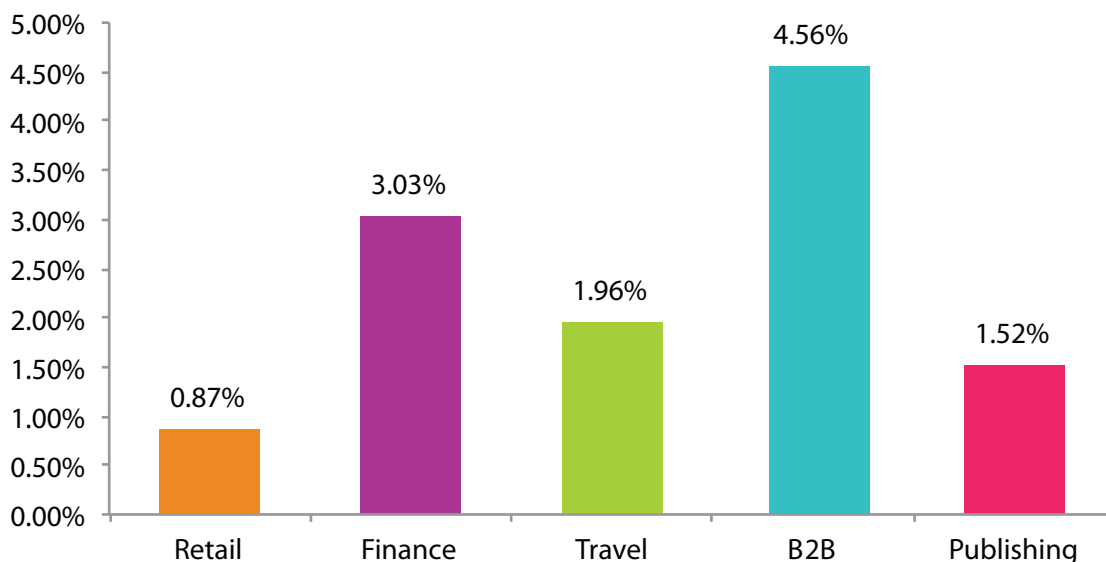


4.6 Failure rates

Average Failure Rate

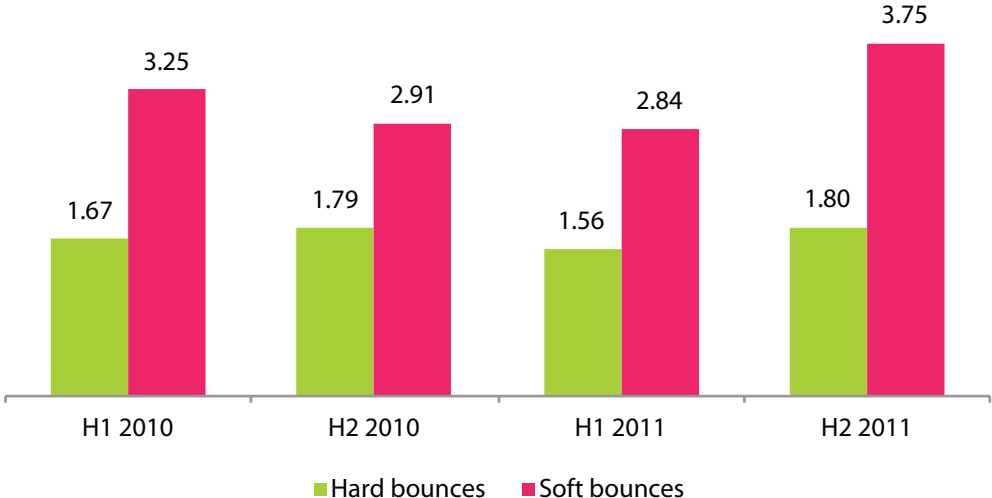


Average Failure Rate (by sector, limited sample)

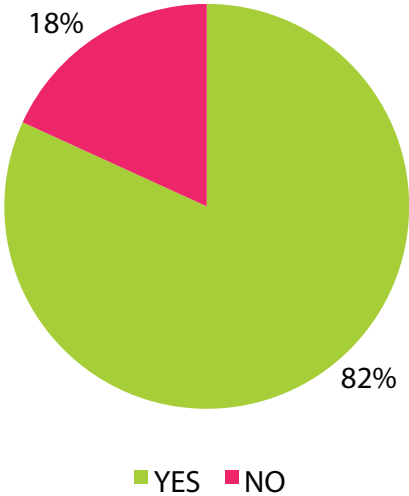


4.7 Default bounce thresholds

What is your default setting (standard threshold) for removing hard and soft bounces?



Do you distinguish between top-tier ISP and others?



Methodology

The benchmarking process followed similar lines to those recommended by APQC's International Benchmarking Clearinghouse, whose methodology has been recognised as the best amongst the numerous used throughout the world. Distilled from hundreds of organisations' benchmarking experiences, these steps optimise the process and ensure successful outcomes.

1. Plan - The DMA Email Marketing Council and Business Bound carefully considered the specific study focus area, key measures and definitions. The data collection tool – an online survey / spread sheet – was used. The best way to quickly reach critical mass in terms of market penetration was to involve email service providers (ESPs). Research was conducted to identify the most appropriate suppliers to invite, and these were approached to participate.

2. Collect - The companies participating in this report represent over 75% of UK emails delivered via ESPs. We collected both quantitative and qualitative data. Individual company data is kept strictly confidential and not released or divulged. Only top line aggregated results are published, and not even the names of the participants are revealed. The results are self-reported by the participants themselves using their own technologies and calculations. Also, the collected data comes from a wide range of ESPs and their clients, both large and small. Therefore, whilst we have reported averages, the individual measurements have ranged from one end of the spectrum to the other. It is for this reason that the results of the survey should be used as a guideline only (albeit a valuable guideline) and an insight into the email marketing industry.

3. Analyse – Data collection and analysis is outsourced to Business Bound. The DMA's research department project manages this report. Mark Brownlow, an email expert writes the report on behalf of the Benchmarking Hub of the DMA's Email Council who reviews the outputs and contributes to the reports with their industry insight.

4. Adaptation - By taking the results of this report back to their organisations, companies can assess individual performance and gap analysis will reveal strengths and weaknesses. Where national issues are involved the DMA Email Marketing Council will be able to authoritatively tackle them.

5. Reliability and Validity - A revision to the benchmark survey for H2 2011 has seen data reported for previous intervals recalculated and adjusted on a half-yearly basis instead of quarterly basis. This may lead to some deviations from numbers reported in earlier benchmark reports which had data reported quarterly.

Data was collected half-yearly in H2 2011. To make the figure comparable half-yearly figures were calculated from quarterly figures from H1 2010 onwards. The sample size for this survey was 11 ESPs, less than the average sample size of 14 ESPs. In H2 2011 sector data was also collected but not all ESPs could provide us with this data. Due to this and decimals being counted up to two spaces in the calculations, some charts may not add up to exactly 100%. These changes may have had an effect on the reliability and validity of data in this report.

Glossary of terms

Acquisition: Any activity where the reason for sending the email is to acquire a new customer. This includes any list rental from cold or prospect lists, and list trades or swaps with partners or affiliates. Does not include emails sent to existing customers where trying to up-sell or cross-sell.

Cell: The combination of content with a group of recipients (frequently called a segment). The content can be unique to this group to improve response or it can be the same in order to easily test response.

Click to open rate: Number of unique clicks divided by unique opens averaged across all campaigns.

Conversion rate: The number of 'take-ups' resulting from the email activity, e.g. the number of credit cards or personal loans offered as a result of the email. Only includes data that is clearly based on known responses to emails. For our purposes that means data received within 90 days of the issuing of the email campaign. Responses after this date are not included.

Deliverability rate: Volume of emails sent less the number of bounces received divided by the number of emails sent. **Dynamic content:** Content that is chosen by the system when the email is being created based on the recipient's attributes stored in the database.

Error codes rolled up across campaign: (transmission) Counts of individual error codes aggregated at the campaign level.

Error codes rolled up across domain: Counts of individual error codes aggregated at the domain level over a period of time or a number of campaigns.

Failed email: A failed email is defined as an email that failed to reach the recipients inbox because it either hard bounced or soft bounced.

Failure rate: Failed email divided by number of emails sent.

Hard bounce: Where the recipient does not see the email due to invalid email addresses, domain failure, ISP blocked etc.

Hard bounce rate: The number of hard bounces divided by the number of emails delivered.

Inbox delivery rate: Percentage of email sent that is delivered to the actual inbox measurement via a seedlist.

Individual error codes: SMTP codes returned when emails are rejected.

Opt-out: When a recipient unsubscribes or opts-out of further communications.

Opt-out rate: The number of opt-outs/unsubscribes divided by the number of e-mails delivered.

Response rate: The number of actual responses made as a result of the email campaign, expressed as a percentage of the overall total email volumes and irrespective of take-up.

Retention: Any activity where the reason for sending the email is to retain an existing customer. This includes warm prospect emails, customer cross-sell, customer up-sell and newsletters.

Soft bounce: Where the email address is valid but the recipient does not see the email because of a temporary delivery problem, inbox full, server down etc.

Soft bounce rate: The number of soft bounces divided by the number of emails delivered.

Total click-through rate: Number of total clicks divided by number of emails delivered.

Unique click-through rate: Number of individuals who have clicked through divided by number of emails delivered.

Unique open rate: Unique number of opens divided by number of emails (HTML and Multipart) delivered.



About the author

Mark Brownlow is the writer, editor and owner behind the independent content site, "Email Marketing Reports". Founded in 2001, the site's "No man is an island" blog is recognized by the AdAge Power150 as one of the world's best marketing blogs.

Mark has written well over 3,000 articles and posts on email marketing topics. His involvement with the industry stretches back to 1998, when he sent his first commercial e-newsletter.

His eclectic career path has included postdoctoral academia, market research consultancy, translations, freelance business and travel journalism and editing, a network of golf websites and a stint as a celebrity agony aunt columnist.

Mark holds three science degrees, including a BA from Oxford University, and still teaches scientific communication and specialist English to BSc and MSc students at Vienna's University of Applied Sciences.

About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 16 DMA Councils cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit www.dma.org.uk regularly to keep up to date with all our services.



About Alchemy Worx

Established in 2001, [Alchemy Worx](#) is the world's largest email marketing agency. With over 70 employees and offices in London and Atlanta, it uses hyper-specialization techniques to deliver both simple and highly complex life-cycle based email programmes faster and more cost effectively.

Alchemy Worx provides [strategy](#), [design](#), [content](#), [testing](#), [inbox placement](#) and [detailed post campaign analysis](#) to many big-name Brands; including Sony, Skype, Getty Images and Hilton Hotels.

Learn more about our hyper-specialized team [here](#). You can also find techniques that generate real value for your email marketing programs by subscribing to Email Worx [here](#) and following us on [Twitter](#).





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