National email benchmarking report 2013

November 2014 Edition

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Introduction

Welcome to the DMA's *National email benchmarking report 2013*. The report is designed to support the DMA Email Council's mission to champion email as an essential part of the greater marketing mix and as an effective one-to-one marketing channel. The goal is to provide DMA members with a series of benchmarks that aid their planning and help them make more informed email marketing decisions.

As part of the wider changes at the DMA, the Email Council is also questioning and evolving, ensuring we stay relevant to the needs of members and how we can best promote the email channel. The *National email benchmarking report* has for many years been one of the cornerstone outputs of the DMA Email Council.

However, there has recently been a lot of debate about the future of these reports and we are now looking at making a number of changes. The benchmarking hub is currently in the process of gathering the thoughts of the wider email community to ensure we encompass as broad a perspective as possible. So if you have found these reports useful over the years or think something is missing, please take the time to let us know via the DMA website or email me at the below address, and you can look forward to new and improved reports soon.

In the meantime, this report continues to signpost interesting trends and developments in email marketing. In this period the emphasis appears to remain on getting the most from tactical email, with focus on ROI but also the adoption of more sophisticated tactics, such behavioural targeting, becoming more common place. However read the full report to get the wider picture and make your own judgements about the trends the data highlights.

The data used to compile the report is gathered from the customers of the UK's leading Email Service Providers (ESPs). The DMA is assisted in the collection of the data by Business Bound and the DMA's own research team aggregate and analyse the data to produce the results seen in the following pages. All of the raw data is provided on a confidential basis.

A number of thanks must be given to those that make the report possible. First to Alchemy Worx for sponsoring this study. Second to those members of the Email Research Hub that generously donate their time, namely: Joe Hunter (ExactTarget), Fiona Robson (Rocketseed), Anthony Wilkey (Smart Focus), Marcus Gearey (eBay), Peter Swanston (OTT Pictures), Steve Henderson (Communicator), Rob Hazelton (Concep), Philip Singh (Epsilon), Gary Brandon (dbsdata), and Lynn Hewitt (Business Bound). Thank you to Raka Garg for writing the report.

Once again, Yashraj Jain (Senior research executive, DMA) deserves a special mention for his work in project managing the report, collecting and analysing the data, and compiling the document you are about to read.

Happy emailing!

Matthew Simons
Director, e-MagineBlue
Chair, Benchmarking Hub, Email Marketing Council, Direct Marketing Association
matt.simons@emagineblue.com

Sponsor's perspective

This is the fourth year Alchemy Worx are proud sponsors of the *National email benchmarking report* – the only pan-ESP benchmarks for email metrics in the UK. It provides UK email marketers with valuable insights into current UK email marketing trends and it yet again highlights the continued importance of email in the marketing mix. So 'thank you' to the DMA for producing the report.

Email is the crucial link between two of the hottest topics in marketing at the moment – content marketing and big data – and nothing demonstrates this more than the top line statistics in this report. During 2013, UK email marketers working with ESPs contributing to this report generated 5.25 billion opens (content views) and over 1 billion clicks (content interactions). That's a total of 6.25 billion pieces of relevant behavioural data generated by email. Now that's BIG data!

Serious email marketing has been around for about a decade and is a fairly mature market. For brands that have been developing their email programme for years, the technological concerns that have fed much of the debate within the industry should no longer be considered strategic issues. So concerns such as device proliferation, getting delivered and setting up triggers, need to become part of the day-to-day campaign production process. That will free them up to tackle the most important question for brands today: how to drive revenue by using their email technology to exploit email's unique position as the link between content marketing and big data.

The report shows that this change is already taking place with behaviour-driven content being cited as the third most frequently used approach for personalisation. It was not mentioned at all in Q4 2012 and only 8% mentioned it in Q3 2012, so that is a remarkable shift in just a year. However, the report also highlights that the change is not happening fast enough for the ESPs, who feel that their clients are being too slow to embrace these techniques. This frustration is understandable. In the last 12 to 18 months technological advances by many of the ESPs and third-party tools have made it possible to automate content management. This is perhaps the last and certainly the most difficult part of the email marketing process to automate but the reward is the ability to send highly personalised messages to everyone all the time. That is why we are helping all our clients to automate their email production process. We'd also advise anyone looking to improve their own email programmes in 2015 to do the same – and to do it fast.

These are very exciting times for our industry because content automation gives email marketing another major boost. Automation means our clients and anyone that embraces it can stop worrying about the technical and operational aspects of email marketing. Instead, they can focus on crafting beautiful and innovative programmes that deliver the engaging content subscribers want in a creative and personal way. That is the key to connecting your subscribers with your brand.

Dela Quist
CEO, Alchemy Worx
dela@alchemyworx.com

Executive Summary

Email marketing continues to deliver strong performance. It is used by over 90% of businesses and provides a cost-efficient and powerful way for both broadcasting news and one-to-one communications. Amid the growing list of techniques and disciplines available to marketers, email marketing stands tall as the best channel for delivering a return on investment (Econsultancy/Adestra, 2014).[1] ROI on email marketing investment had an ROI of £25 for every £1 invested in 2013, up from £21.5 per £1 in 2012 (DMA, 2014).[2]

Email strategy in 2013 reflects a focus on improving outcomes, namely ROI and overall productivity, and enhancing quality over quantity of email activities. This was manifested in different ways:

- Better segmentation and targeting rather than growing the volume of emails
- Improving quality of customer database rather than growing customer lists
- Personalising emails with behaviour-driven, dynamic content rather than growing the volume of broadcast emails

Email marketers are recognising and leveraging the trend towards mobile and consumer appetite for personalisation. Tangible gains from the changes were reflected in improvement in total click-through rates, lower default bounce thresholds and lowest ever hard bounce rates. The gains may not have been significant enough to be reflected in all the quantitative metrics. However, a mental shift is the first imperative for a strategic orientation in practice. To quote one of the ESP participants in this study, "email marketers need to adopt a strategy to develop long term campaigns..."

One final point for consideration is measuring and benchmarking email performance. Greater investment in analytics as well as acting on data to improve performance are emerging as a high priority for email marketers (Marketing Sherpa, 2013).[3]

1. Econsultancy/Adestra (2014): Email Marketing Industry Census 2014
2. DMA (2014): National Email Client Report 2014
3. Marketing Sherpa (2013): Marketing Analytics Benchmark Report

1. State of the email industry

This first section examines the overall state of the email industry by looking at email strategies and how these are reflected in core programmes of acquisition vs retention, strategic vs tactical approaches, and use of personalisation, integration and segmentation tools and techniques.

1.1 Acquisition vs retention[4]

Retention emails, make up over two-thirds of total email volumes, as reflected in quarterly data over the last two years. This suggests greater use of emails to retain existing customers with new offers or information rather than acquiring new customers. These findings are consistent with other data in this report suggesting greater focus on behaviour-driven content.

Not surprisingly, information about acquisition email programmes is sparse, with most of the email advice, information, and statistics referring to retention programmes (Epsilon, 2012)[5].

However, email marketers may wish to rethink the role of email as an acquisition strategy and leverage the power of email marketing to acquire new customers.

According to a paper from McKinsey (2014)[6]:

- Email remains a significantly more effective way to acquire customers than social media, nearly 40 times that of Facebook and Twitter combined

- The rate at which emails prompt purchases is estimated to be three times that of social media and the average order value is 17% higher

Email also remains the lowest-cost online marketing channel for sales with customer acquisition via email quadrupling over the last four years in the retail sector (Custora, 2014).[7]

While these findings (from McKinsey & Custora) are based on US data with different consent laws and email marketing environment, they offer insights into the potential of email marketing as an acquisition tool.

4. Acquisition and retention definition – please refer to the Glossary at the end of the report
5. Epsilon (2012): Acquisition email strategies in life beyond house-file marketing
6. McKinsey (2014): Aufreiter, Boudet & Weng "Why marketers should keep sending you emails"
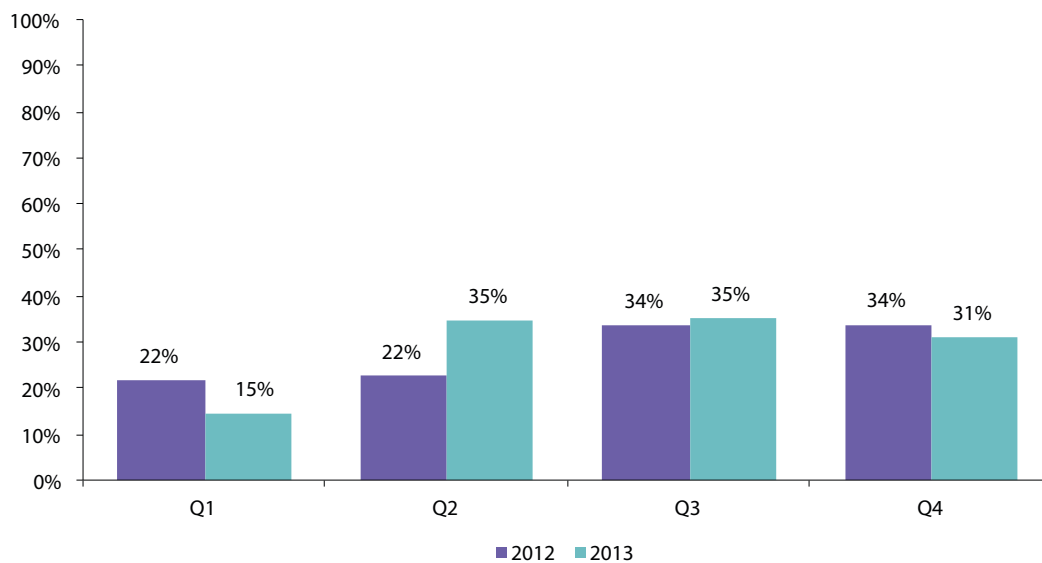7. Custora (2013): Ecommerce Customer Acquisition Snapshot

What percentage of your mailing volume is acquisition vs retention?

Retention
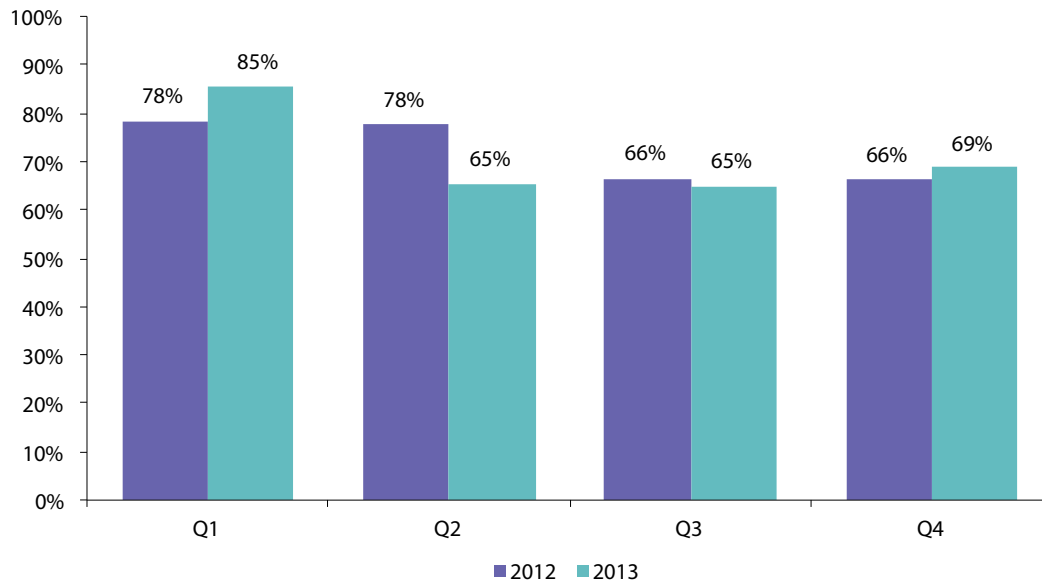
Acquisition

1.2 Strategic vs tactical approaches[8]

Email marketing seems still to be implemented in a more tactical mode by most marketers relative to a strategic approach by a few email marketers. This tactical focus on the tools and processes of email marketing is reflected in various dimensions of email marketing presented in subsequent sections of this report.

Too many marketers fall into the trap that "email is cheap" and neglect to think through their entire strategy. A good campaign should be well planned, and should include test parameters, analysis, and refinement (Epsilon, 2012).[9]

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8. Strategic vs tactical – definition – please refer to the Glossary at the end of the report
9. Epsilon (2012): Acquisition email strategies in life beyond house-file marketing

What proportion of your clients' email marketing was strategic & tactical?

	Q3 2012	Q4 2012	2013
Tactical	57%	53%	65%
Strategic	43%	47%	35%

1.3 Personalisation

Recent research from Econsultancy/Adestra (2012)[10] found that 52% of digital marketers agree "the ability to personalise content is fundamental to their online strategy. When it comes to email, personalisation is of even greater importance.

A recent study by Yahoo finds that most consumers are not only aware of online personalisation but that they believe that it provides added relevance, with 78% of those surveyed expressing a desire for some type of personalised content (Yahoo, 2014).[11]

Despite all the opportunities for increased personalisation today, it is important not to personalise for personalisation's sake, nor to become fixated on the latest tools or techniques, but to be sure you are using it to address a consumers-relevant need (The Guardian 2014).[12]

Mark Brownlow (Marketo, 2014)[13] offers useful insights in this context:

"Personalised behaviour-based and trigger emails can help ensure that email marketing is functionally very successful. However the recipient is not an entry in a database but a human who wants some kind of value in return for the time they spend on our emails. This value can indeed be functional (a great deal, insightful article, good advice). But they also value personality – engaging writing, creativity, humour, sometimes giving value and asking for nothing in return. These are all the things that help distinguish you from the competition when they're also offering a '15% off everything' sale.

In this study, dynamic content and custom fields were cited as the personalisation functions used most often. Behaviour-driven content was cited as the third most frequently used approach to personalisation (compared with not being cited at all in 2012). This is consistent with the continuing dominance of retention emails. These findings also demonstrate that email marketers are going beyond front-end personalisation (name and subject line) to enhance the shopping experience with the use of behaviour-driven dynamic content.

Dynamic content	Rank 1
Multiple custom fields	Rank 2
Behaviour driven content	Rank 3
Conditional text	Rank 4
Predictive content	Rank 5

10. Econsultancy/Adestra (2012): Personalisation, trust & ROI, 2012
11. Yahoo (2014): The balancing act: getting personalisation right
12. The Guardian (2014): Lucy Fisher "Personalisation in marketing: how far should brands go?"
13. Marketo (2014): Mark Brownlow "Thought leadership snapshot"

1.4 Integration

The following table highlights varying levels of integration capabilities on part of ESPs. Most ESPs have programmes that integrate well with software tools like web analytics, CRM, content management systems and e-commerce platforms. However, there is room for enhancing integration with other aspects like ERP and data warehouse tools. The figure for 'integration with deliverability programme' being only 50% is surprising compared with the previous years finding of 77% in Q3 and Q4. Addressing these gaps in integration capacities can significantly accelerate the adoption of well-integrated customised email campaigns.

Does your programme integrate with other software tools?
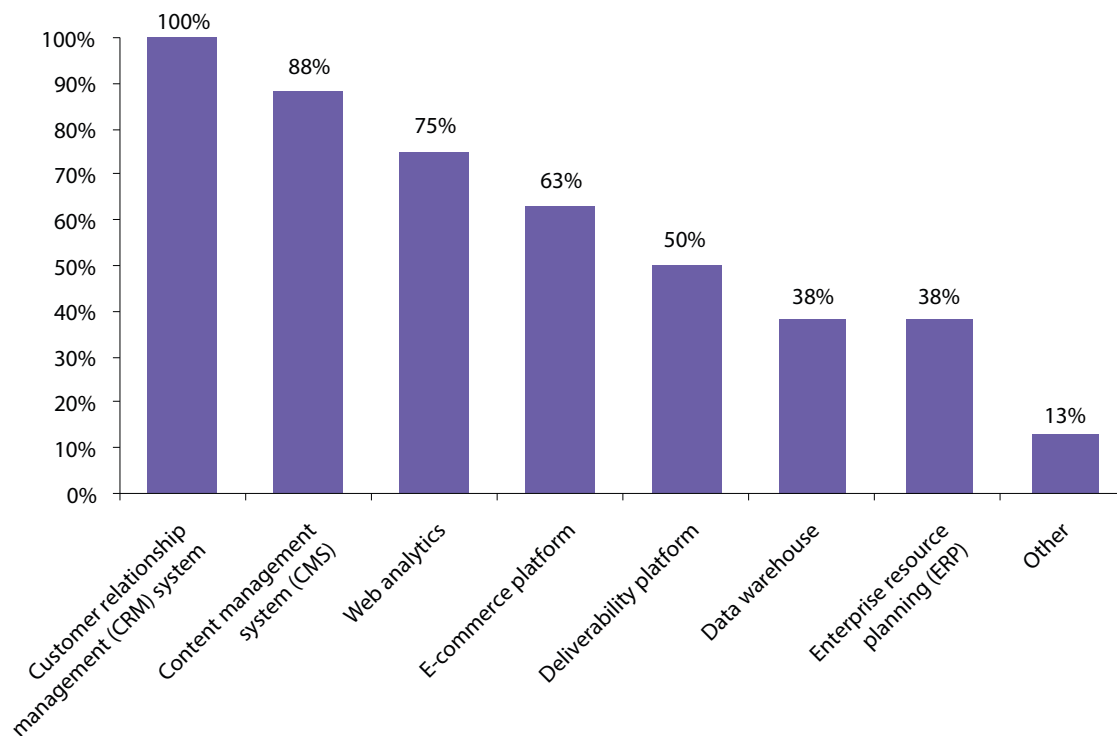

1.5 Email strategy

Email strategy in 2013 was strongly focused on financial returns, namely, increasing overall contribution and ROI in the face of an anticipated decline in budgets. There was greater attention to segmentation and targeting rather than increasing the overall number of emails or growing the list size.

Other industry reports corroborate this shift in focus from growing the list size to improving the quality of databases. In the past, there was substantial investment in growing the list size and therefore email marketers now have large customer databases. Email lists are still growing, albeit slowly (Marketing Sherpa 2013)[14] with 60% of marketers admitting that their biggest barrier to effective email marketing is the quality of their email database – the foundation upon which segmentation and automation rests (Econsultancy/Adobe, 2014).[15]

14. Marketing Sherpa (2013): Marketing Analytics Benchmark Report
15. Econsultancy/Adobe (2014): Digital Trends 2014

**How have your client's email marketing programmes changed in 2013**
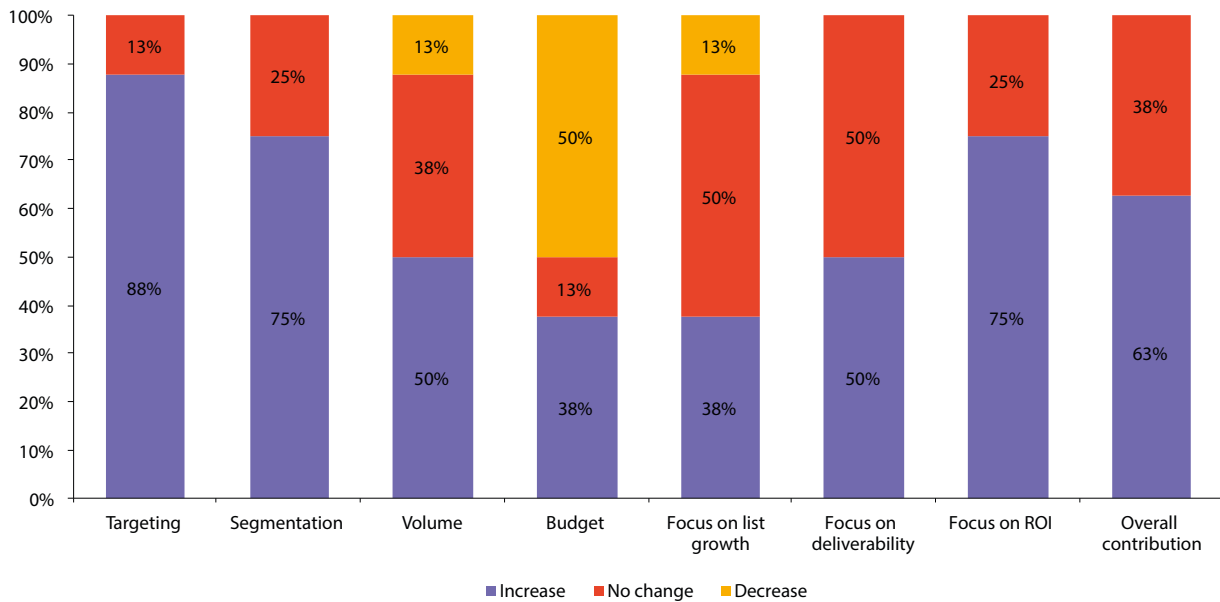
1.6 Email segmentation

In this study, 57% of the campaigns had two to three different segments, and the balance had four to six different segments. It is encouraging to note there were no single segment campaigns nor campaigns with too many segments (i.e. more than six segments). This seems to be in tandem with the downward trend in single segment / undifferentiated campaigns observed in the previous year (DMA, 2013).[16] In 2012, the first quarter started with 27% of campaigns being single-segment and ended with only 8% campaigns being single-segment in Q4.

More focused segmentation and targeting was also reported as the key driver of increased ROI and overall success of email programmes in the *DMA National client email marketing 2014* report (DMA, 2014).[17]

Among marketers who have built campaigns incorporating advanced segmentation, 33% would rate their email ROI as "excellent" as opposed to just 13% among those not doing it (Econsultancy/Adobe, 2014).[18]

How many segments were typically in each campaign?

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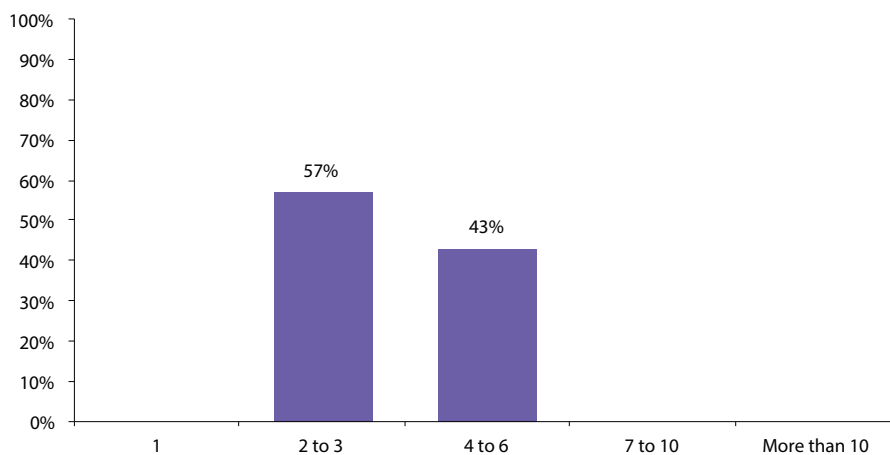
16. DMA (2013): National Email Benchmarking report H2 2012
17. DMA (2014): National Client Email Report 2014
18. Econsultancy/Adobe (2014): Digital Trends 2014

Primary driver of changes in email marketing programme

A key driver of changes in the marketing programme was changes in clients, and with it changes in client email strategy. The focus on improved segmentation and targeting was also facilitated by strong list growth over the years combined with current efforts in enhancing database quality, giving marketers the ability to dig deeper into their customer database and customise emails to different segments.

What was the primary driver of change in the volume of emails sent in 2013?

- Change in clients
- Change in strategy
- List growth
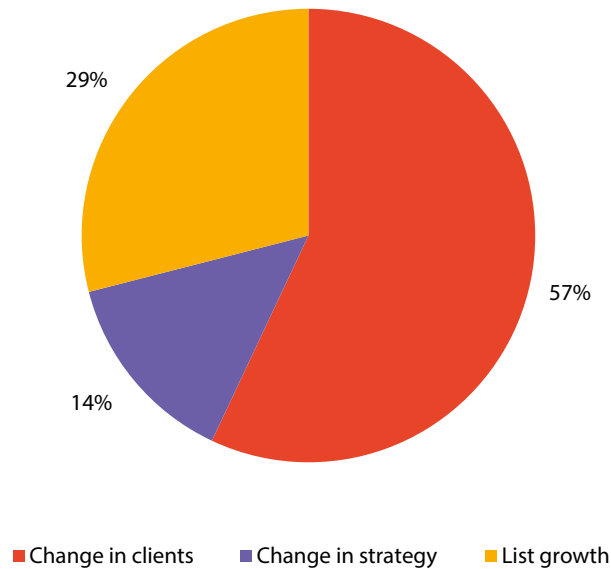
1.7 Client focus

ESPs participating in this study perceive that clients are focusing more on creative and content, production, development and delivery, mobile optimisation and less on email strategy and related strategic dimensions such as customisation, integration and web analytics. The focus on mobile optimisation and creative is understandable given that an increasing proportion of emails are now opened on mobile devices, and marketers and producers are still gearing up to align their creative email formats with this rapid change in consumer behaviour.

1 being 'Not focused at all' and 5 being 'Extremely focused' , to what extent do your clients focus on the following areas in their campaigns?
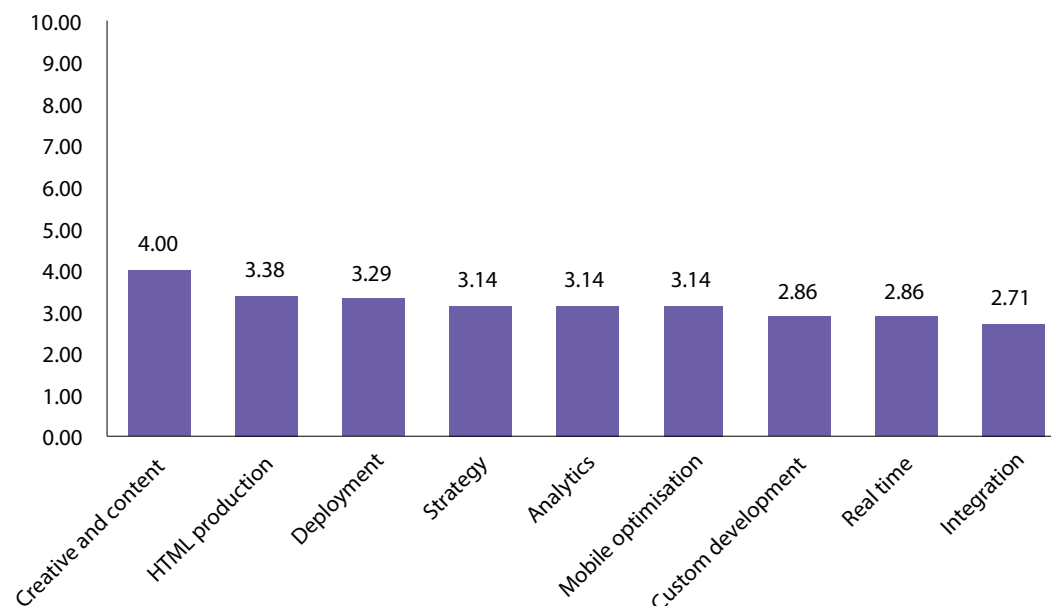
What should clients do more of in their email marketing campaigns?

ESPs surveyed in this study offered interesting insights and recommendations in response to this question. To cite a few:

Strategy

- Take a more strategic interest in email marketing rather than leave it to the intern
- Adopt a strategy to develop a long-term campaign with trigger campaigns
- Focus more across channels and look at implementing larger more progressive campaigns that make use of all customer touch points and not just business unit KPI-focused activity
- Focus on database and single customer view and integrating email into it
- Re-engage with inactive subscribers

Analytics

- Use analytics to measure and adopt strategies and campaigns in response to those metrics in an agile manner
- Maintain a structured test-and-learn approach to existing programmes to improve performance
- Focus on campaign results
- Have set KPIs to measure success and failure

The ESP sentiment about excessive client focus on creative and content is shared by email experts like Mark Brownlow (Marketo, 2014)[19]: "Companies are continuing to spend the majority of a typical campaign on the creative aspect, in a pattern that remains fairly unchanged over the past six years".

As marketers get more comfortable with the tools and technology of email marketing, a strategic long-term approach to email marketing would be an important step forward. Top performers (in the US) spend more than three times the amount of time per month on email strategy than average performers do (Marketo, 2014).[20]

19. Marketo (2014): Mark Brownlow "Thought leadership snapshot"
20. Marketo (2014): The New Metrics for Email Marketing

2. Email numbers and campaign management

2.1 Number of emails

Monthly trends over the last four years corroborate some of the earlier observations regarding increasing focus on quality rather than number of emails and email campaigns.

- As seen below, the number of emails seems to be growing at a smaller rate each year and 2013 volumes were almost similar to 2012

- Emails experience the usual seasonal peak in Q4 holiday season
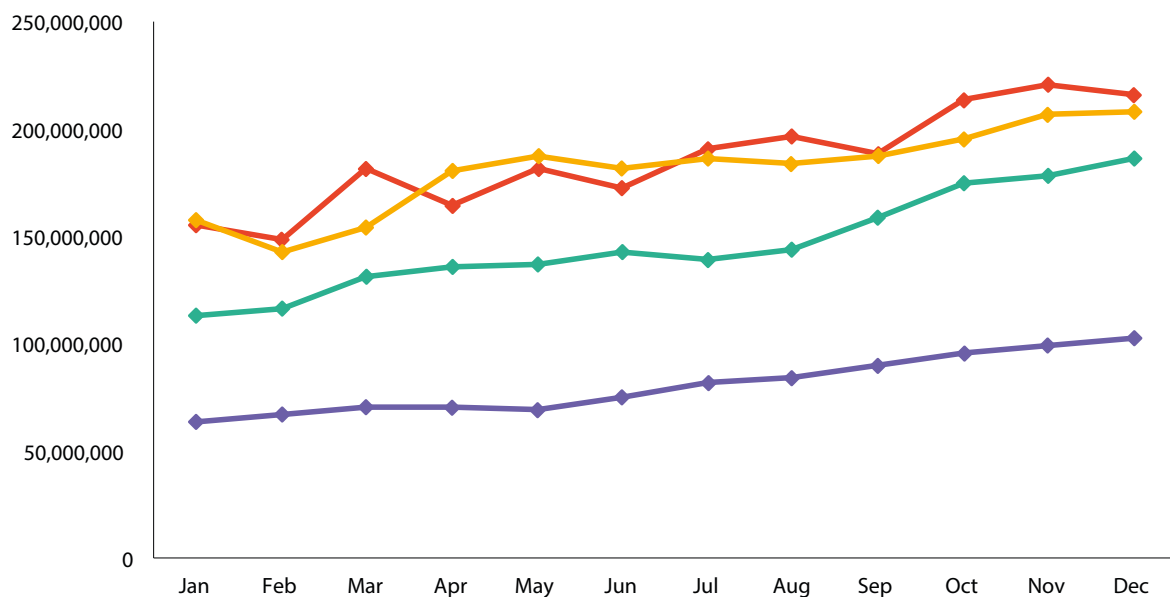


2.2 Frequency of contact

Interestingly, the frequency of contact per month was significantly higher than the previous year, peaking at 3.33 contacts per month in Q4. This is consistent with the client perspective on email frequency reported in the *DMA National client email report 2014*.[21]

Increase in contact frequency could be driven by many factors, for example

- A favourable shift towards better segmentation and targeting (less focus on number of customers emailed and more on conversion and retention)

- Recognition of the importance of personalisation in emails manifested in frequent, customised emails to carefully targeted customers

- New inbox tools making it easier for consumers to manage their emails so that email marketers face a reduced risk of alienating customers with an increased frequency of emails

21. DMA (2014): National Client Email Report 2014

How many times is each address contacted per month?
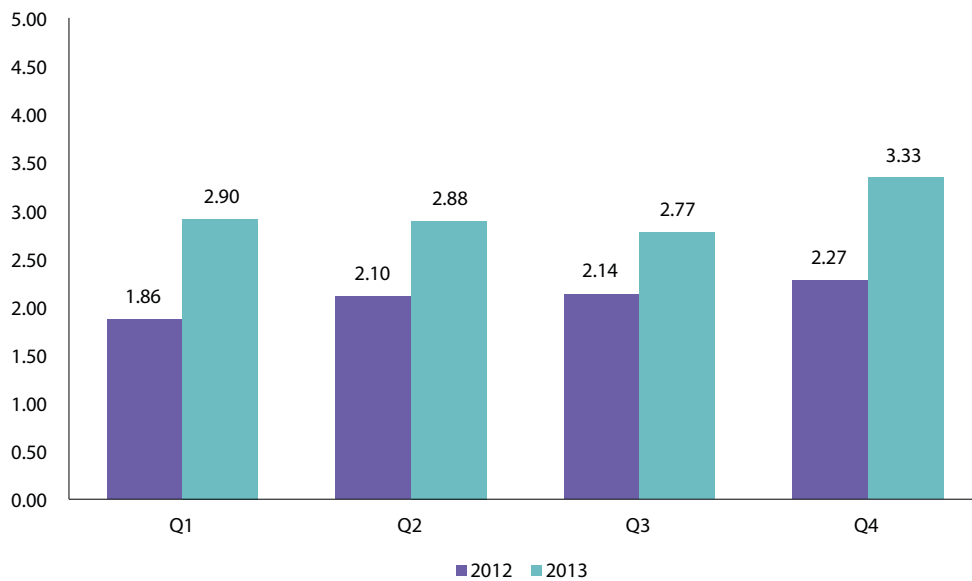
2.3 Deployment: email campaigns managed in-house by clients and ESPs

ESP share of email campaigns in 2013 ranged from 32% in Q4 to 51% in Q2. Overall, this was significantly higher than ESP share in the previous year (around 20%). It'll be interesting to see if ESP share grows further in the future or clients choose to invest in building in-house competency.
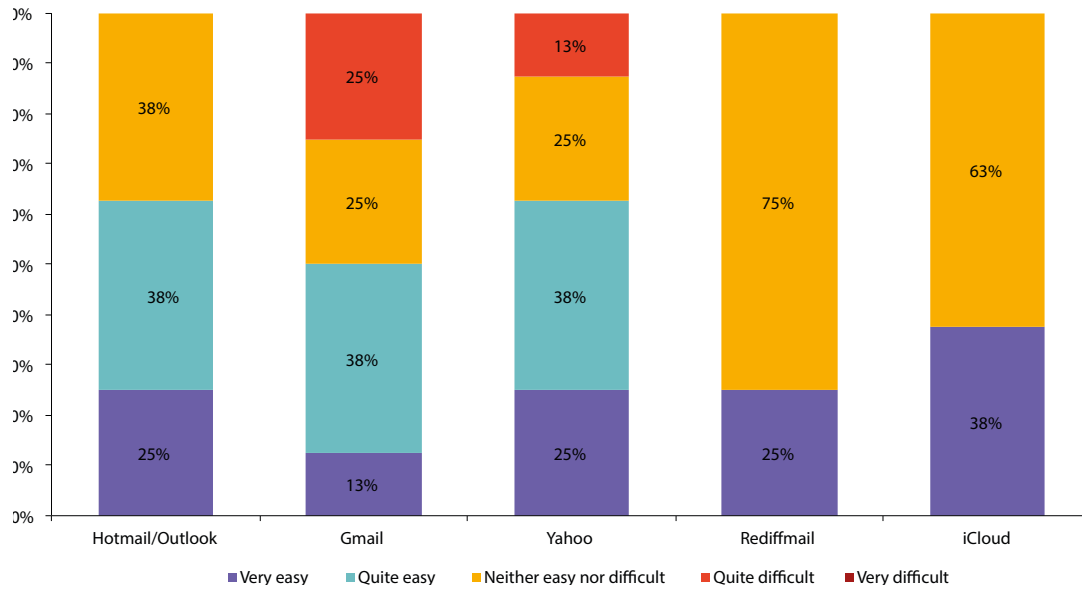
What proportion of email campaigns were managed in-house by clients vs you managing them?
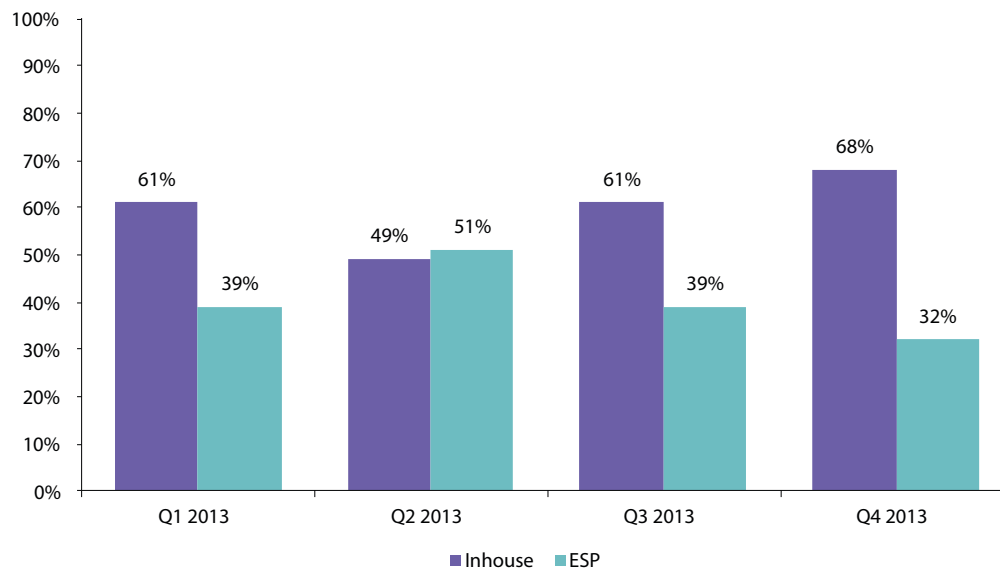
2.4 Inbox management

In dealing with emails to individuals, ESPs regard Hotmail/Outlook, Gmail and Yahoo as the leading ISPs. Most ESPs experience little difficulty in delivering emails via these leading ISPs.

How easy do you find it to deliver emails to the inbox of the ISPs?

Legend: ■ Very easy ■ Quite easy ■ Neither easy nor difficult ■ Quite difficult ■ Very difficult

ISP	Very easy	Quite easy	Neither easy nor difficult	Quite difficult
Hotmail/Outlook	25%	38%	38%	
Gmail	13%	38%	25%	25%
Yahoo	25%	38%	25%	13%
Rediffmail	25%		75%	
iCloud	38%		63%	

3. Performance metrics

The key metrics most frequently tracked by clients to gauge consumer engagement with emails are open rates, click-through-rates (CTR), click-to-open ratios and opt-outs (or unsubscribe) rates. Opt-out rates are now universally negligible (below 1%), but not something to be complacent about. While opt-out rate per unique campaign may be low, the cumulative opt-out across multiple segments or campaigns can add up to a significant level.

Much of the industry benchmarking of performance metrics is reported by different categories of emails: most frequently by industry sectors, acquisition vs retention, automated vs transactional, and so on. Silverpop (2014)[22] also reports results from the top and bottom quartile performers on each metric. The wide performance gap on virtually every metric, between the top and bottom performers provides deep insights into the real potential of email marketing (for example, unique open rates were 39% vs 6% for the top and bottom performers).

The variance in performance also shows that marketers need to benchmark their campaigns against campaigns similar to theirs, not the top, middle or bottom of all campaigns in the industry or country.

Gauging your marketing success also requires going beyond industry benchmarks to see whether your email programme met, exceeded, or fell short of your own goals while adding value to the customer/prospect relationship and maximising conversions and revenue (Silverpop, 2014).[23]

Although email performance metrics are widely reported by leading ESPs, most clients acknowledge that acting on data to improve email marketing performance remains a challenge and a high priority moving forward, with more than half the companies planning to increase their investment in email marketing analytics (Marketing Sherpa 2013).[24]

3.1   Unique open rate

Unique open rates in 2013 ranged from 19.5% in Q3 to 21.6% in Q4. These are consistent with unique open rates reported for 2012, ranging from 17% to 21%. They also compare well with 22.9% for UK reported by Sign-up.to (2014)[25] and 20.4% EMEA average reported by Silverpop (2014).[26]

Marketer controlled factors influencing open rates favourably include improvements cited elsewhere in this report, such as:

- Improved quality of lists. According to the *DMA National client email report* (DMA, 2014)[27], organic website traffic and people who purchase are now the main source of lists for marketers, with list rentals as a distant fourth, resulting in significantly enhanced list quality vs third-party sourced lists of the past

- Better segmentation and targeting - increasing relevance and therefore the likelihood of emails being opened

- Personalisation – greater attention to subject lines and sender identification in emails

- Lower default bounce thresholds

However, several technological developments continue to impact open-rate measurements, making them less consistent or comparable over time. For example:

- An increasing proportion of emails are now accessed on mobile devices,[28] [29] [30]where images load by default

- Changes in Google email delivery platform enable the loading of images automatically[31]

- Innovations in the Gmail platform aimed at separating promotional emails from others

22. Silverpop (2014): Email Marketing Metrics Benchmark Study
23. Silverpop (2014): Email Marketing Metrics Benchmark Study
24. Marketing Sherpa (2013): Email Marketing Benchmark Report
25. Sign-up.to (2014): The UK Email Marketing Benchmark Report 2014
26. Silverpop (2014): Email Marketing Metrics Benchmark Study
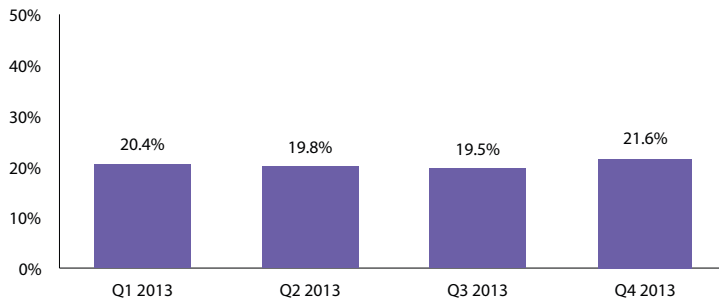27. DMA (2014): National Client Email Report 2013
28. Econsultancy/Adobe (2014): Digital Trends 2014
29. Communicator (2014): Benchmark Report H1 2014
30. Sign-up.to (2014): The 2014 UK Email Marketing Benchmark Report
31. Sign-up.to (2014): The 2014 UK Email Marketing Benchmark Report

Average unique open rates - 2013

[Bar chart showing Average unique open rates for 2013 with y-axis from 0% to 50%:
- Q1 2013: 20.4%
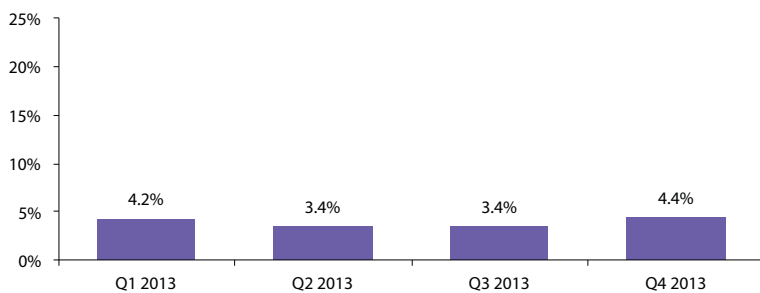- Q2 2013: 19.8%
- Q3 2013: 19.5%
- Q4 2013: 21.6%]

3.2 Average unique click-through rate

Average unique click-through rates in this study varied between 3.4% (Q2 & Q3) and 4.4% (Q4). These were comparable to those for retention emails in 2012 (DMA, 2013).[32] Unique click-through rates for the UK reported by Sign-up.to (2014)[33] and for EMEA reported by Silverpop (2014)[34] were 3.3% and 3.5% respectively.
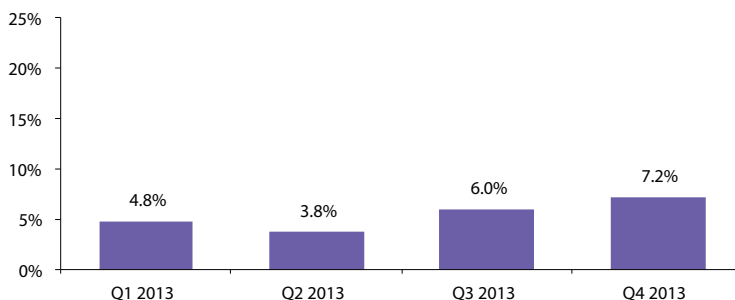
Unique click-through rates are one of the key metrics tracked by email marketers in the UK (DMA 2014)[35].

Some ways to improve engagement would be to create engaging content that consumers want to interact with, ramp up personalisation, enhance creative flair and utilise content marketing tools (Communicator 2014).[36]

[Bar chart showing Average unique click-through rate for 2013 with y-axis from 0% to 25%:
- Q1 2013: 4.2%
- Q2 2013: 3.4%
- Q3 2013: 3.4%
- Q4 2013: 4.4%]

## 3.3   Average total click through rate

Average total click-through rates showed a consistent increase every quarter from 3.8% in Q2 to 7.2% in Q4. This is good news for email marketers. This may represent a real increase in the total click-through rate driven by the "more dynamic behaviour-driven content of emails" cited earlier. Another factor influencing total click-through rates could be that many more consumers are accessing the same emails on multiple media – on the mobile device and again on their laptops at work or home.

[Bar chart showing Average total click-through rate for 2013 with y-axis from 0% to 25%:
- Q1 2013: 4.8%
- Q2 2013: 3.8%
- Q3 2013: 6.0%
- Q4 2013: 7.2%]

32. DMA (2013): National Email Benchmarking report, H2 2012
33. Sign-up.to (2014): The 2014 UK Email Marketing Benchmark Report
34. Silverpop (2014): Email Marketing Metrics Benchmark Study
35. DMA (2014): National Email Client Report 2014
36. Communicator (2014): Benchmark Report H1 2014

3.4 Average click-to-open ratio

The average click-to-open ratio showed significant variation across the quarters with a peak of 48% in Q2 and a low of 17.7% in Q4. Overall, click-to-open ratios were higher than the 15.1% and 14.3% reported by Silverpop (2014)[37] and Sign-up.to (2014)[38] respectively. (Click-to-open rates are known to be unstable given the potential inconsistencies in measurement of both, open rates and click-through rates).
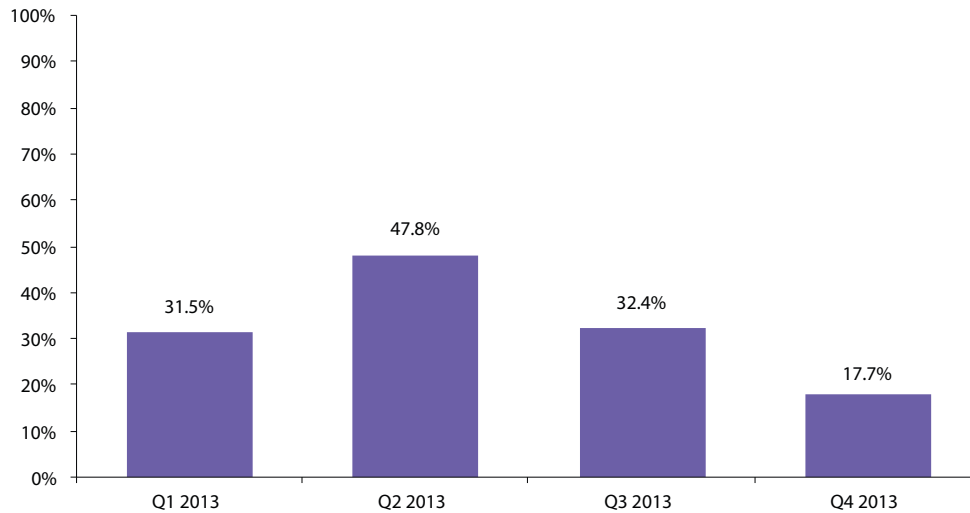
3.5 Average opt-out rate

Average opt-out rates remained negligible (below 1%). This probably reflects many forces at work, for example:

- Availability of inbox management tools that enable automatic filtering of irrelevant emails
- More email programs adopting an opt-in rather than opt-out approach
- Increasing reliance on verified email lists and less on third-party sourced lists
- Marketers are sending out more targeted and relevant email and thus there is less reason for consumers to opt out
- Lower default bounce thresholds
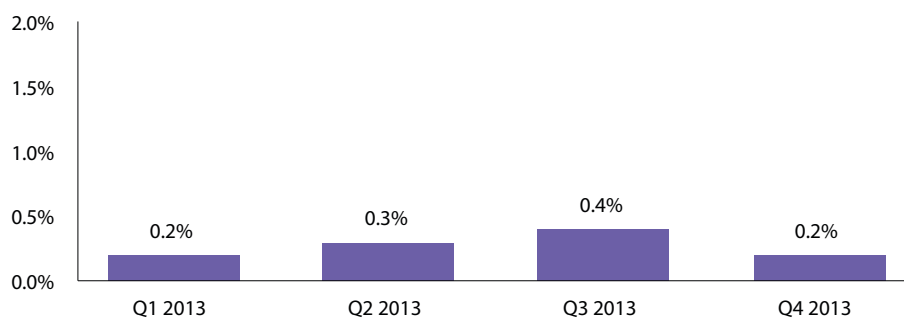
37. Silverpop (2014): Email Marketing Metrics Benchmark Study
38. Sign-up.to (2014): The2014 UK Email Marketing Benchmark Report

4. Delivery metrics[39]

It is useful to separate delivery metrics from customer engagement performance metrics (discussed in previous section) to distinguish between the technology focus of delivery metrics (the nuts and bolts) vs the strategic focus of performance metrics.

Delivery metrics are largely driven by robust delivery systems and processes, quality of email lists and effective list hygiene to keep them up to date based on feedback from opt-outs, soft and hard bounces and complaints, and automated delivery tracking systems and analytics. Differences in these performance metrics across ESPs can be useful in the evaluation and selection of ESPs. It can also be a useful basis for email marketers to make decisions about building internal competencies and managing these processes in-house or outsourcing to ESPs.
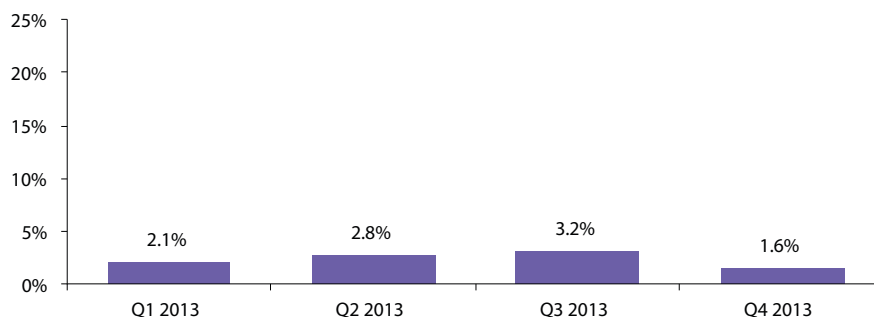
4.1 Average delivery rates

Average delivery rates remained high reaching 99% in Q4.
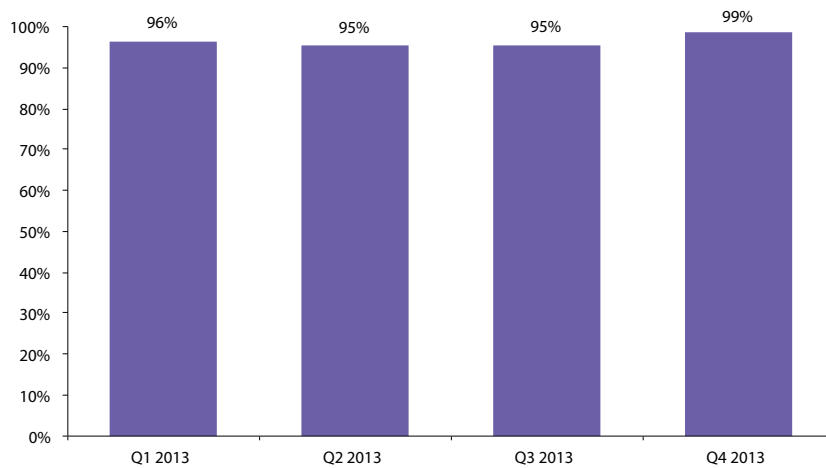
4.2 Average failure rate

The average failure rate showed an increasing trend in the first three quarters of 2013 (reaching 3.2% in Q3) before settling back to 1.6% in Q4.


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39. Definition of individual delivery metrics – please refer to the Glossary at the end of the report

4.3 Average hard-bounce rate

Average hard-bounce rates were at an all-time low with only 0.4% in the fourth quarter. Hard-bounce rates have universally dropped to negligible levels, as reflected in most leading email benchmarking reports. Silverpop (2014)[40] reported a 'zero' hard-bounce rate for top performers vs 3.7% for the bottom quartile, highlighting the need to be vigilant in monitoring hard-bounce rates.

The decrease in hard-bounce rates signals that email marketers are taking list hygiene seriously, removing hard-bounces addresses more often and faster from their active databases, keeping bad addresses from getting into their databases and keeping a closer eye on factors that affect sender reputation (Silverpop 2014).[41]
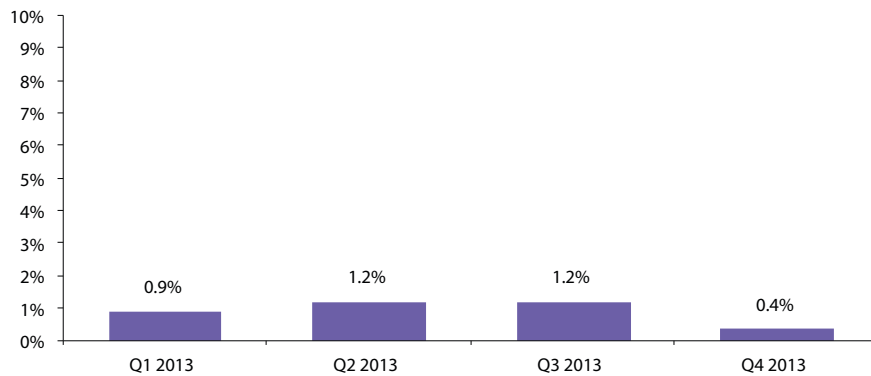

4.4 Default bounce thresholds[42]

Default bounce thresholds were considerably lower than the previous year at 1.54 and 3.81 for hard and soft bounce respectively compared with 2.4 and 5.2 in Q4 2012. This is a positive development. Possible explanations could be that

- Clients and ESPs are updating campaign email lists more promptly in response to bounce backs

- Closer monitoring with improved analytics is enabling a quicker response to bounce backs

- Risk of blacklisting by ISPs based on frequent bounce-backs is forcing ESPs and clients to lower bounce thresholds and safeguard sender reputation

- Most ESPs are implementing lower bounce thresholds to achieve efficiencies in cost of email programmes
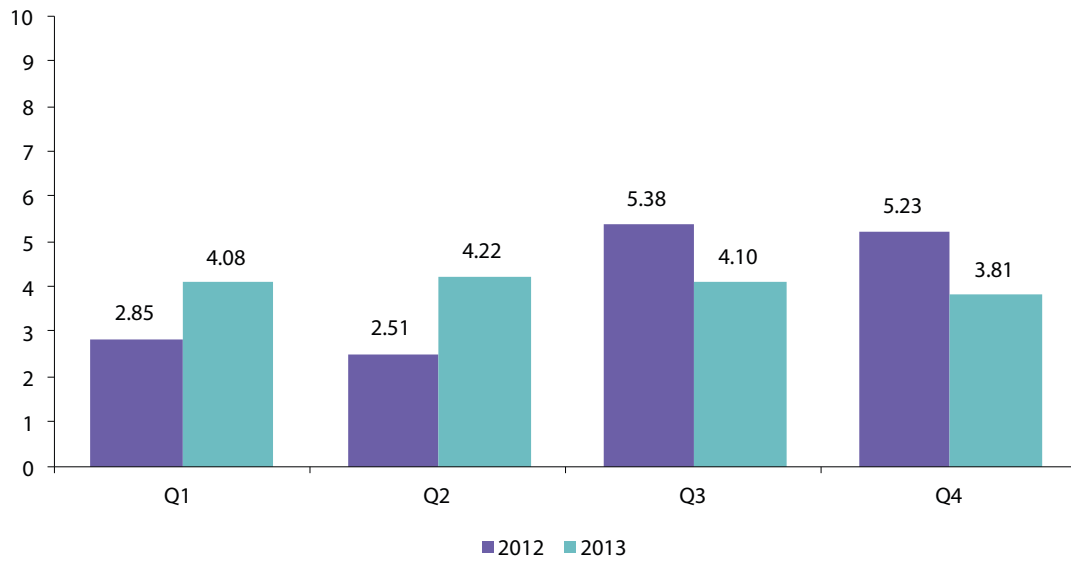
Hard bounce

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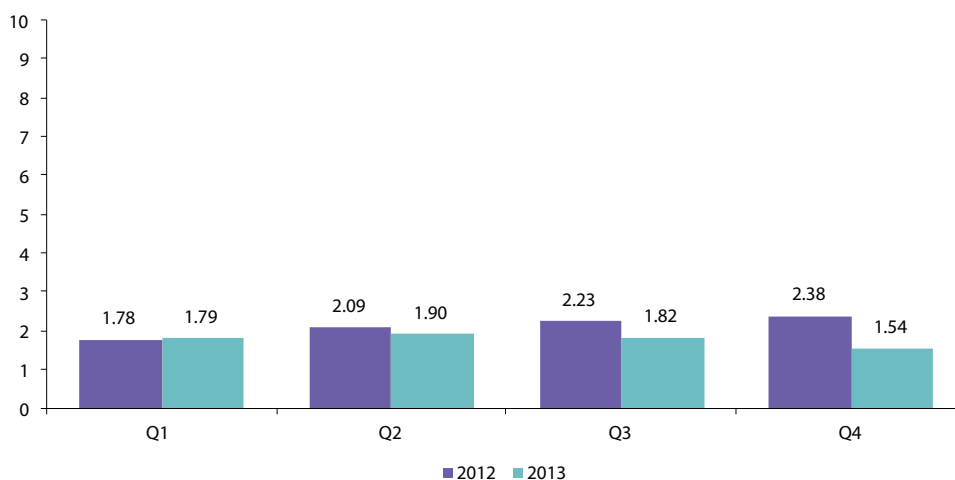
40. Silverpop (2014): Email Marketing Metrics Benchmark Study
41. Silverpop (2014): Email Marketing Metrics Benchmark Study
42. Definition of bounce thresholds – please refer to the Glossary at the end of the report

Soft bounce

■2012 ■2013

Conclusion

Email marketing reigns supreme in the digital marketing mix – thanks to its ability to keep pace with changes in technology and customer expectations. Email marketers are optimistic that performance and delivery metrics will improve in the future (DMA, 2014).[43]

Better segmentation, targeting, personalisation and integration with the increasingly diverse technology platforms are delivering results and reinforcing email marketing as a medium of choice.

The digital landscape is changing at an exponential rate. A decade ago there were a million Facebook – users today there are over a billion and the number is still growing. The first i-Phone arrived in 2007 and the first i-Pad in 2010. Today, email marketers estimate over a third or even half of their emails are being opened on mobile devices.

Email gurus are urging a 'mobile-first' philosophy in email marketing to leverage the shift towards mobile.

There is need for some hard work ahead to keep pace with rapid changes in the digital world. Marketers understand the benefits of automation and segmentation, but not all are successful at implementation. Data quality and integrity is improving but could be further enhanced. Content marketing will be a key focus area – with behaviour-driven content delivered at a time and place and in a format that suits the customer.

Although email performance metrics are widely reported by leading ESPs, most clients acknowledge that acting on data to improve email marketing performance remains a challenge and a high priority moving forward, with more than half the companies planning to increase their investment in email marketing analytics (Marketing Sherpa 2013).[44]

As marketers are spending more on email, both on the technology itself, and sending higher volumes to their subscribers, they'll be under greater pressure to increase the return on this larger investment. Open rates and retention and engagement metrics are key. However, email measurement is moving beyond opens and clicks and towards true financial metrics, such as revenue impact and ROI.

43. DMA (2014):National Client Email Report 2014
44. Marketing Sherpa (2013): Email Marketing Benchmark Report

Methodology

The benchmarking process followed similar lines to those recommended by APQC's International Benchmarking Clearinghouse, whose methodology has been recognised as the best among 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 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 Email Research Hub estimates that participating ESPs 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. 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. Raka Garg has written the report on behalf of the Email Research Hub of the DMA's Email Council, who reviews the outputs and contributes to the report with their industry insight.

    In 2013, data from 2012 was reviewed and data for both 2012 and 2013 was normalised to reflect the volume of emails sent by participating ESPs. The survey questions were also updated and reviewed.

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 Council will be able to authoritatively tackle them.

5. **Reliability and Validity** - Data was collected quarterly for Q1, Q2, Q3 and Q4 2013. The sample size for this survey was 14 UK ESPs. We also collected data broken down by sector but not all ESPs could provide this information. Decimals have been rounded up to two spaces in the calculations, as a result some charts may not add up to exactly 100%.

About DMA

The DMA provides guidance and support to help its members put their customers at the heart of their one-to-one communications to give them the rich benefits of a much more relevant, welcomed and effective relationship with each individual customer.

The DMA aspires to facilitate its members' marketing evolution with the opportunities, advice, support, networks and tools to be able to reach the sensitivity and sophistication of marketing to build their future prosperity – along with the success of the industry as a whole.

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About Alchemy Worx

Established in 2001, Alchemy Worx is a global email marketing agency with over 70 employees across three continents. They are the leading implementer of Intelligent Automation, a solution that automates message delivery, content, analytics and optimization whatever the ESP, allowing their clients to send highly personalised messages to everyone all the time. Their subject line tool, Touchstone, uses an ever-expanding database of 21 billion emails to instantly predict open, click and delivery rates before campaigns are sent, which according to Smart Insights, may eliminate the need to A/B test subject lines.

Alchemy Worx also provide strategy, ESP solutions, design, content, HTML coding, deployment services, reporting & analytics and training for over 40 global brands including Aviva, Tesco, Sony, Hilton, Allianz, Dixons Carphone and Getty Images. For their FREE email marketing tips and thought leadership posts, subscribe to their newsletter Email Worx here and following them on Twitter.

Glossary

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.

Hard bounce rate: 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.

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.

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.

Conversion rate: The number of 'take-ups' resulting from the email activity, eg 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.

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

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

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

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

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

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

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 emails 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.

Strategic: Any actions involving long-term decisions or plans designed to impact favourably the overall impact of email marketing

Tactical: Any actions that are immediate or short-term in duration

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