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National Email Benchmarking Report Half 2 2012

October 2013 Edition

Contents

Introduction

Welcome to the DMA's *National email benchmarking report H2 2012*. This was a really busy half year. We saw London host the Olympic and Paralympic Games, an Austrian daredevil break the sound barrier and Lord Justice Levison report on UK press standards. With so much going on in the World and the UK it's no surprise to me that email volume hit an all-time high in this period.

The DMA's *National email benchmarking report H2 2012* is designed to further support the DMA Email Marketing Council's vision by continuing to champion email as an essential part of the greater marketing mix and an effective direct marketing channel. This report aims to provide DMA members with a reliable series of benchmarks that aid their planning and help them make informed marketing decisions.

This *National email benchmarking report H2 2012* (released in September 2013) contains data collected during the second half of 2012. 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 it's the DMA's own research team that aggregates and analyses the data to produce the results seen in the following pages. All of the data is provided on a confidential basis.

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

Firstly and most importantly thank you to Alchemy Worx for sponsoring this study. Secondly, this report, is made possible through the considerable time donated by certain members of the Email Benchmarking Hub, namely: Matt Simons (Havas EHS); Joe Hunter (ExactTarget), Fiona Robson (RocketSeed), Anthony Wilkey (Emailvision), Marcus Gearey (E-Dialog), Rob Hazelton (Concep), Philip Singh (Epsilon) and Lynn Hewitt (Business Bound). Thank you to Mark Brownlow (Email Marketing Reports) for writing the report.

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

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

Sponsor's perspective

Once again, Alchemy Worx is proud to sponsor the DMA's *National email benchmarking report H2 2012*, the only pan-ESP benchmarks for email metrics in the UK. Year on year, it provides valuable insights into the current trends of the UK's email marketing landscape and I'm delighted to say this year's report continues to highlight email's invaluable contribution to the marketing mix.

Yet again, the big success story is email send volumes. In H2, these were up an impressive 25% on the same period in 2011 after a softer H1, a strong annual pattern that has emerged over the last few years. As ROI is cited as the key factor in driving email volume, it's no surprise that retail is the biggest growth sector because it's the industry that can most easily match revenue to email addresses. This value is rippling out to B2B marketing and acquisition marketing, both of which are increasingly relying on email revenue. Although the continued growth of send volume is not new, it is now a significant and established trend that looks set to continue for the foreseeable future.

This growth is driven by a range of factors, all of which show that email marketers are using a more holistic strategy to grow their revenue. Both the size of email databases and contact frequency are increasing. As these are the fundamental ingredients for improving email marketing performance, this shows marketers are focusing on the right things to deliver valuable revenue to their organisations.

We know a key component for delivering success to our own clients lies in improving every single area of their programme so that they can send more email; from creative, subject lines and offers, to strategy, analysis and deliverability. That's because achieving success through increasing volume relies on emails consistently offering value to subscribers. With the number of campaigns being deployed rising by 35%, it would appear that marketers are embracing more sophisticated tactics, such as segmentation and targeting, to send more email. Not to send less, as used to be the case. What's more, the number of clicks to websites is approximately half a billion across the UK in just six months.
No other marketing channel could generate that number of brand impressions so cost effectively. And perhaps most important of all, the improvement in open and click rates illustrates that increased volume need not mean lower rates of engagement.

I said in the introduction to the last report that it was our responsibility as email marketers to improve in all areas so that we can send more email without any negative impact. So it's hugely encouraging to see that marketers are becoming increasingly adept at generating more revenue through email without alienating their subscribers. It's certainly not an easy thing to do well, so email specialists, both in and out of house, are becoming vital to that constant search for greater revenue.

Enjoy the report!

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1. Overview and state of the industry

Email marketing finds itself in an unusual position.

For the first time in recent history, the industry is not obliged to defend itself from accusations that the channel has become outdated in a multichannel digital world. On the contrary, newer channels like social media are now increasingly compared to email and asked to prove they can offer similar value.

This turnaround is particularly noticeable in media coverage, with headlines such as "*Stores Seeking Shoppers Find E-Mail Outdraws Facebook*"[1] or "*Email Is Crushing Twitter, Facebook for Selling Stuff Online*"[2] replacing obsolete "Email is Dead" announcements.

The DMA UK *H1 2012 National email benchmarking report*[3] revealed a record volume of sent email and the *National email client survey 2013*[4] also painted a positive picture: around a third of respondents said email marketing accounted for at least half of all digital business revenue and 89% declared email to be "important" or "very important" to their organisation.

2011 and early 2012 also saw growing acknowledgement of the varied business objectives email can contribute to.

Email was perceived as moving beyond standalone direct response sales to a more diverse role, delivering broader content, supporting other channels, underpinning multichannel initiatives, and driving loyalty, awareness and branding. The industry also promoted more advanced tactics, particularly behavioural email and mobile optimisation.

One issue for H2 2012 is how much this was reflected in actual email campaigns.

Much of the newly positive media attention, for example, has focused on the direct sales aspect. So there are perhaps twin, and to some extent conflicting, evolutionary patterns developing – a move toward a more holistic approach to email, but also more intensive exploitation of its core strength: direct response.

Does H2 2012 benchmarking data hint at the path the industry is taking?

Another issue is how metrics respond to the massive growth of mobile email: 41% of opened emails were opened on a mobile device in H2 2012. The equivalent figure in H2 2011 was 27% *(and only 13% in Q4 2010)*[5].

How did metrics change in H2 2012? After all, despite email's strong position in the hearts, minds and bank accounts of organisations, unique click-through rates were at all-time lows in H1 2012.

1.1 Volume of sent email

The number of emails sent in H2 2012 continued the strong growth reported in the first six months of the year, peaking at an **all-time high** of just over 220 million per ESP. Sent volumes in H2 were **up 25% on the same period in 2011**. This year-on-year growth occurred in every month of 2012, though the increase was less than between 2010 and 2011. For example, send volumes in H2 2011 were almost 80% higher than in H2 2010.
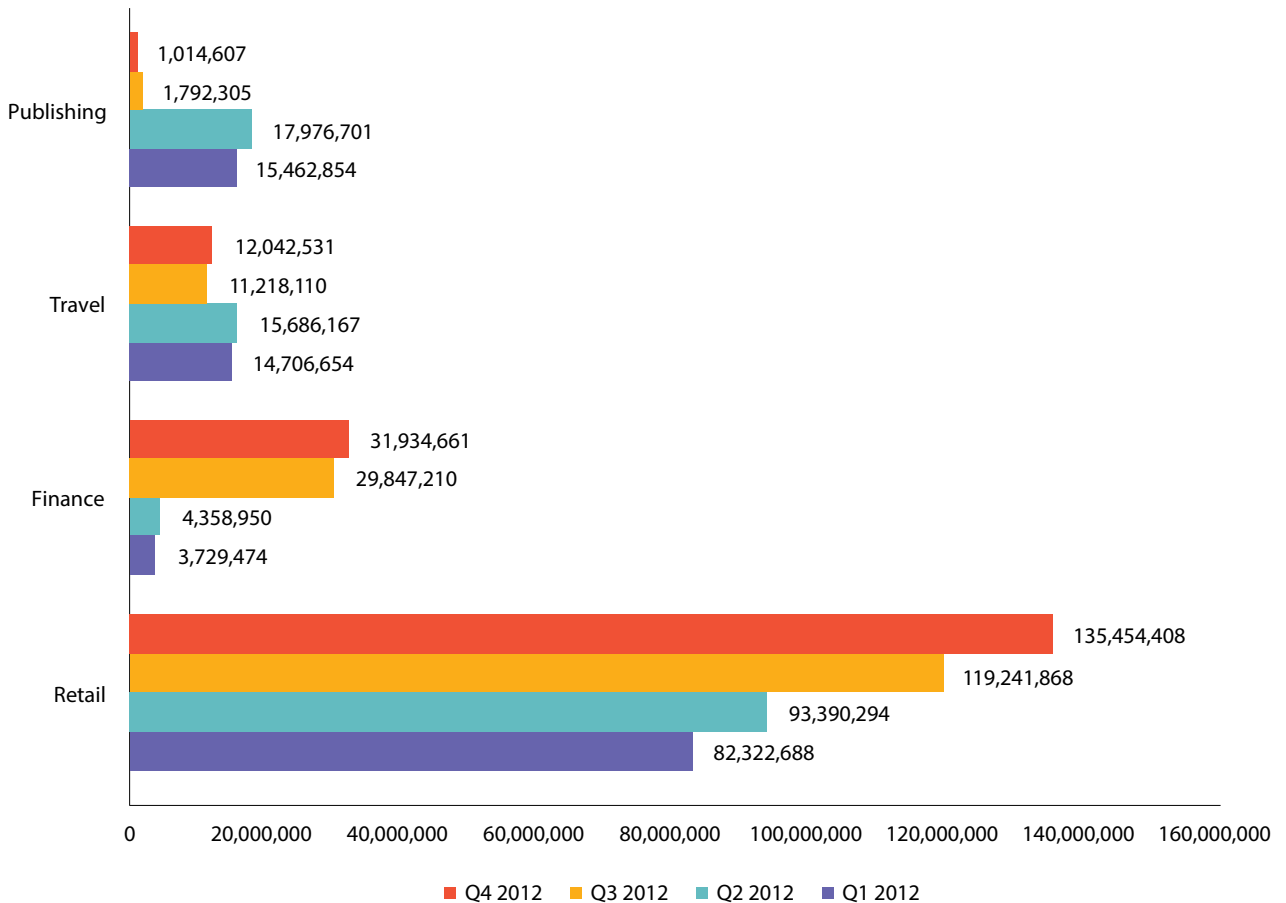
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1. Bloomberg Businessweek (2012) Stores Seeking Shoppers Find E-Mail Outdraws Facebook
2. Wired (2013) Email Is Crushing Twitter, Facebook for Selling Stuff Online
3. DMA (2013) National email benchmarking report H1 2012
4. DMA (2013) National client email report 2013
5. Knotice (2013) Mobile Email Opens Report

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

Legend: 2010, 2011, 2012
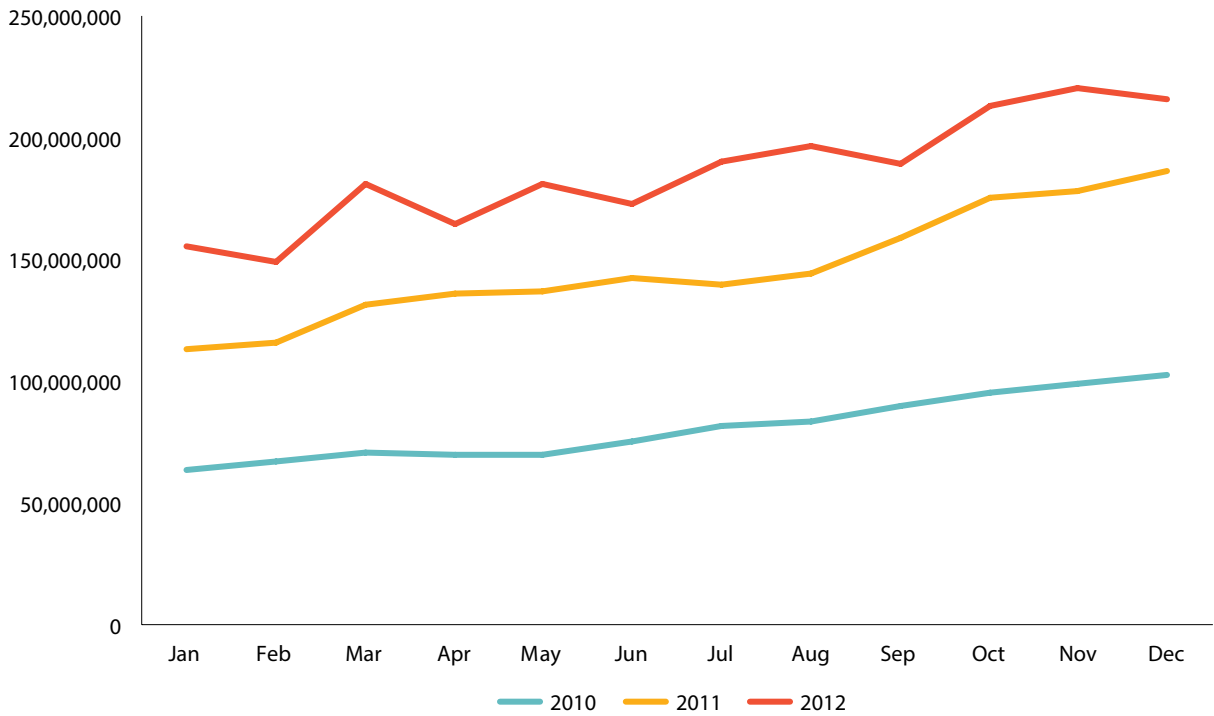
1.2 Volume of sent email (by sector and B2B/B2C)

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

Sector	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Publishing	1,014,607	1,792,305	17,976,701	15,462,854
Travel	12,042,531	11,218,110	15,686,167	14,706,654
Finance	31,934,661	29,847,210	4,358,950	3,729,474
Retail	135,454,408	119,241,868	93,390,294	82,322,688

Legend: Q4 2012, Q3 2012, Q2 2012, Q1 2012

The number of emails sent in December 2012 was actually 2% lower than in November, which is surprising given the Christmas shopping season normally sees volumes grow (retail email volume did peak in December, though). It will be interesting to see how volumes change in H1 2013, and whether the pace of year-on-year growth continues to slow and becomes constrained by recipient fatigue or other factors.

What percentage of your mailing volume is B2B/B2C?
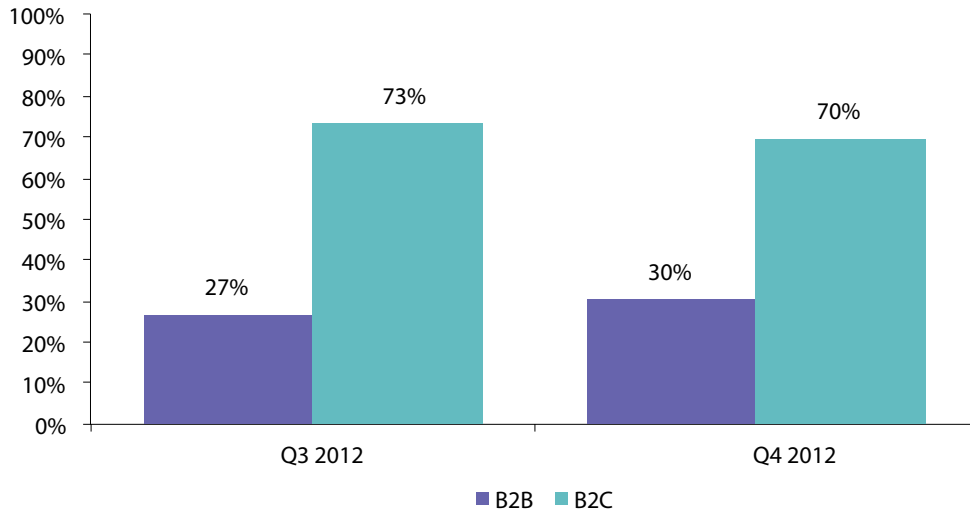
1.3 Volume changes

A variety of factors lie behind send volume increases, not least an increase in email frequency (see 1.11) and in the number of addresses under ESP management (see 1.8), both of which rose across 2012. However, according to ESPs, two key trends have crystallised out over the last 18 months.

The role of seasonality is in decline. In H2 2010, 41% of ESPs saw this as the primary driver of volume change. By H2 2011 the figure had dropped to 28% and it fell further to just 17% in H2 2012. In contrast, **effectiveness/ROI is playing a greater role**, and is now the most-cited factor driving volume patterns.

Recognition of email's effectiveness continues to grow and is certainly echoed in relevant business surveys:

- Analysts *Forrester reported*[6] that "email and search are where four out of five retailers (80%) are most likely to invest more this year than last".

- 56% of respondents in a *December 2012 survey*[7] of SMEs said they'd increase their email marketing spend in 2013, while another 41% intended to keep the budget the same.

- 66% of marketers rated email's ROI as 'excellent' or 'good' (second only to organic SEO) in an *Econsultancy/Adestra survey*[8].

In particular, recognition of email's effectiveness has been given a boost by the DMA's *National client report*[9], which provided the first-ever estimate of average ROI for UK email marketing: an impressive £21.48 returned for each £1 spent in 2012. Equivalent figures from the *USA*[10] are $28.50 for each $1 outlay.

6. Forrester (2013) Retailers shifting digital marketing spend to capitalize on growing mobile traffic, according to shop.org/Forrester research
7. iContact (2013) The Small and Midsize Business Email Marketing Survey 2013
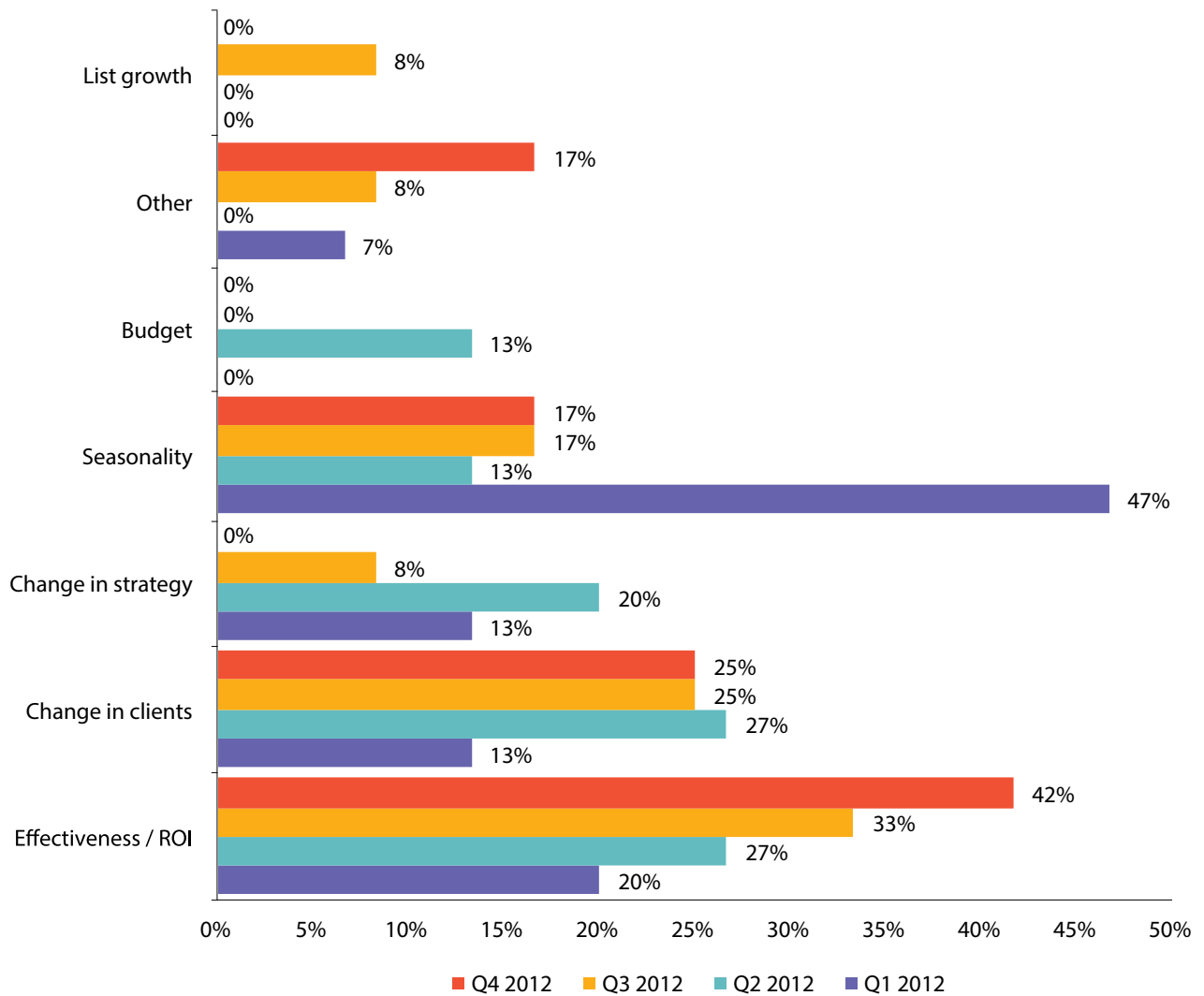8. Econsultancy/Adestra (2013) Email Marketing Industry Census 2013
9. DMA (2013) National client email report 2013
10. Ken Magill (2012) Email Response Rates Pathetically Low

Less seasonality and more recognition of email's ROI are two trends that go hand-in-hand, of course. Given a wider understanding of the effectiveness of email, marketers are not limiting their efforts to traditional seasonal opportunities (like Christmas), but are also intensifying their "off-season" campaigns.

The spread of behavioural/trigger email may also contribute to a loss of seasonality *(benchmarks for North America[11] noted a 73% year-on-year rise in the volume of email accounted for by trigger messaging).* Triggered sequences of emails for lifecycle messaging may extend across many months, and various email triggers (like a birthday) are not limited to a particular season.

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

Driver	Q4 2012	Q3 2012	Q2 2012	Q1 2012
List growth	0%	8%	0%	0%
Other	17%	8%	0%	7%
Budget	0%	0%	13%	0%
Seasonality	17%	17%	13%	47%
Change in strategy	0%	8%	20%	13%
Change in clients	25%	25%	27%	13%
Effectiveness / ROI	42%	33%	27%	20%

■ Q4 2012   ■ Q3 2012   ■ Q2 2012   ■ Q1 2012

11. Epsilon (2013) Q4 2012 North America Email Trend Results
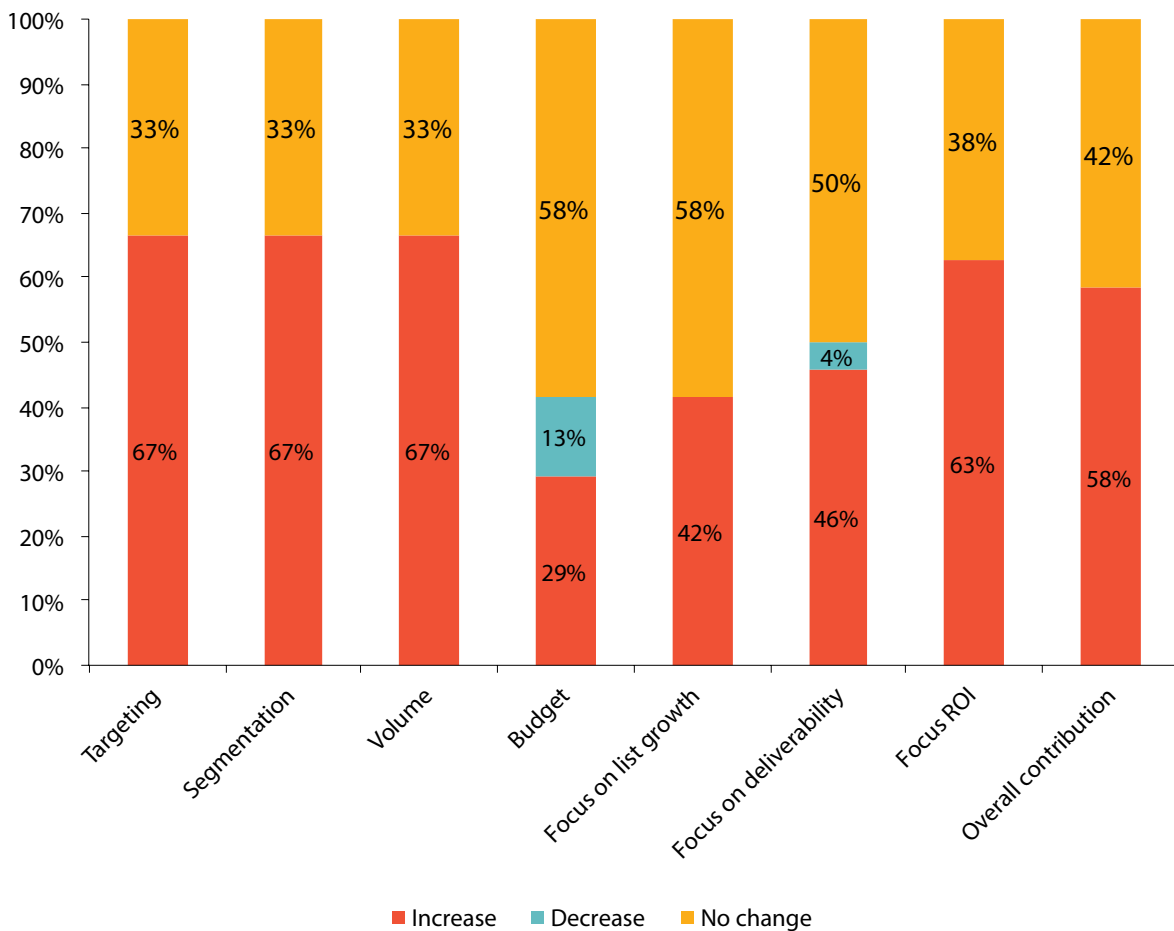
1.4 Impact of market conditions

As in the previous report, H2 2012 saw more attention go to all aspects of email marketing, with continuing evidence for the twin developments of more sophisticated tactics (increased targeting and segmentation) coupled with simply sending more email (increased volume).

Compared with H1, **budget allocation seems to have improved**: 29% saw budgets increase (compared with 20% in H1), while only 13% saw budgets decrease (17% in H1). This again likely reflects awareness of email marketing's value and ROI, along with an understanding of the investment required to develop more advanced tactics.

Of course, actual reported budget increases are still consistently lower than you'd expect from the investment intentions expressed in surveys. For example, in the *DMA's National client email report 2012*[12] , 63% of organisations intended to increase their email marketing budget across 2012. According to ESPs, the actual number that did so is clearly far less, presumably due to the realities of budget and resource constraints in a time of economic difficulty.

There is some suggestion that the budget situation will improve through 2013. For example, the *Q2 2013 Bellwether Report*[13] revealed that the overall net balance for UK marketing budgets was at its most positive since 2007, with online marketing likely to profit most.

How have your clients email programmes changed in H2 2012?

Targeting — Increase 67%, No change 33%
Segmentation — Increase 67%, No change 33%
Volume — Increase 67%, No change 33%
Budget — Increase 29%, Decrease 13%, No change 58%
Focus on list growth — Increase 42%, No change 58%
Focus on deliverability — Increase 46%, Decrease 4%, No change 50%
Focus ROI — Increase 63%, No change 38%
Overall contribution — Increase 58%, No change 42%

■ Increase ■ Decrease ■ No change

....
12. DMA (2013) National client email report 2013
13. IPA (2013) Q2 2013 Bellwether Report

1.5 Monthly campaign numbers

The number of monthly campaigns was **35% higher in H2 than in H1**. This would be expected given increases in contact frequency.

The greater interest in behavioural campaigns also plays a role here. Many such campaigns are, by definition, limited to a smaller target audience, so contribute proportionally more to an increase in campaign numbers than to an increase in email volume. The "per email" results from such trigger campaigns are usually far better than with more broadcast-type emails. For example:

- *Triggered Messaging report*[14] an average 14.6% click-through rate (CTR) on abandoned cart messages, which is about three times that of more typical broadcast mail CTRs.

- *Epsilon found*[15] triggered open rates were 60.8% higher than "business as usual" messages in Q1 2013, while triggered click rates were 116.9% higher. However, triggered mails make up a comparatively small percentage of total campaign volume (just 3.3%).

How many campaigns per month do you manage? (Please count each trigger campaign once only)
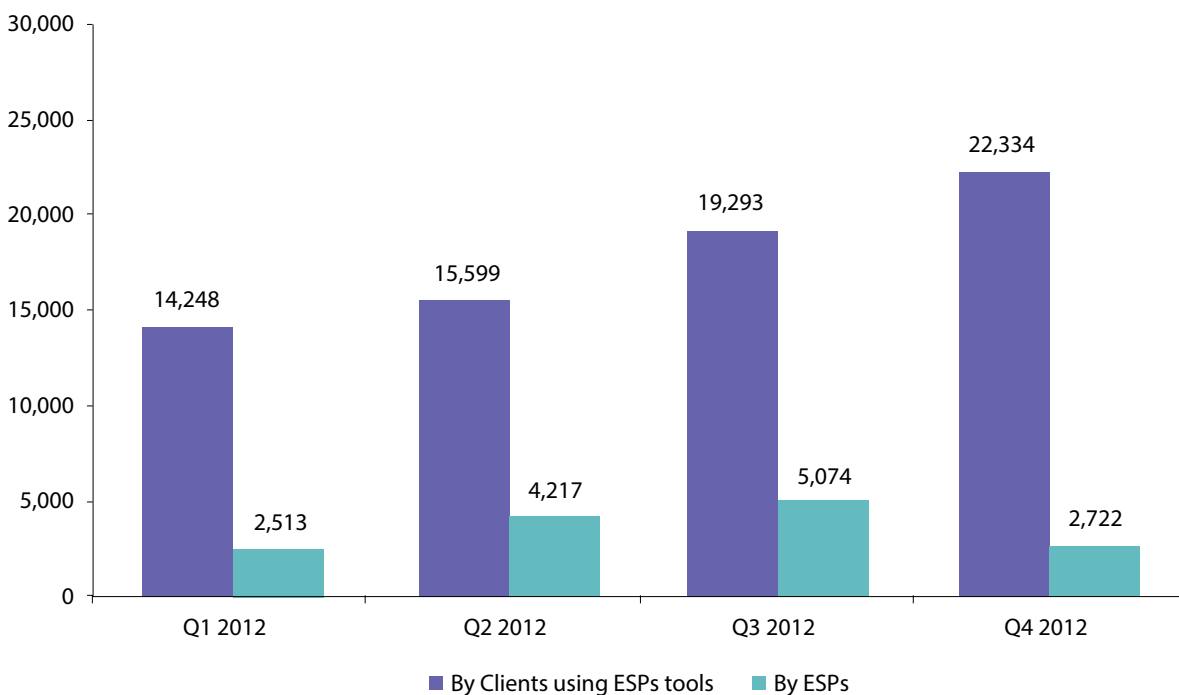
It's noticeable that the campaigns managed by ESPs for clients **dropped by some 46%** between Q3 and Q4, a figure also reflected in the statistics available for different sectors (see 1.6). Possible explanations include:

- Growing familiarity among organisations with email marketing, so they can take campaign management in house.

- Improvement in ESP tool/interface usability, allowing more self-management of campaigns.

- A greater number of basic campaigns designed to simply increase contact frequency and requiring little third-party help.

14. Triggered Messaging (2013) Real time marketing report for July 2013
15. Epsilon (2013) Q1 2013 North America Email Trend Results

1.6 Monthly campaign numbers by sector

How many campaigns per month do you manage on behalf of clients in the following sectors?

Legend: ■ Q4 2012 ■ Q3 2012 ■ Q2 2012 ■ Q1 2012

Publishing: Q4 2012 = 1, Q3 2012 = 2, Q2 2012 = 156, Q1 2012 = 150

Travel: Q4 2012 = 0, Q3 2012 = 3, Q2 2012 = 19, Q1 2012 = 17

Finance: Q4 2012 = 7, Q3 2012 = 1272, Q2 2012 = 2102, Q1 2012 = 709

Retail: Q4 2012 = 46, Q3 2012 = 38, Q2 2012 = 275, Q1 2012 = 435
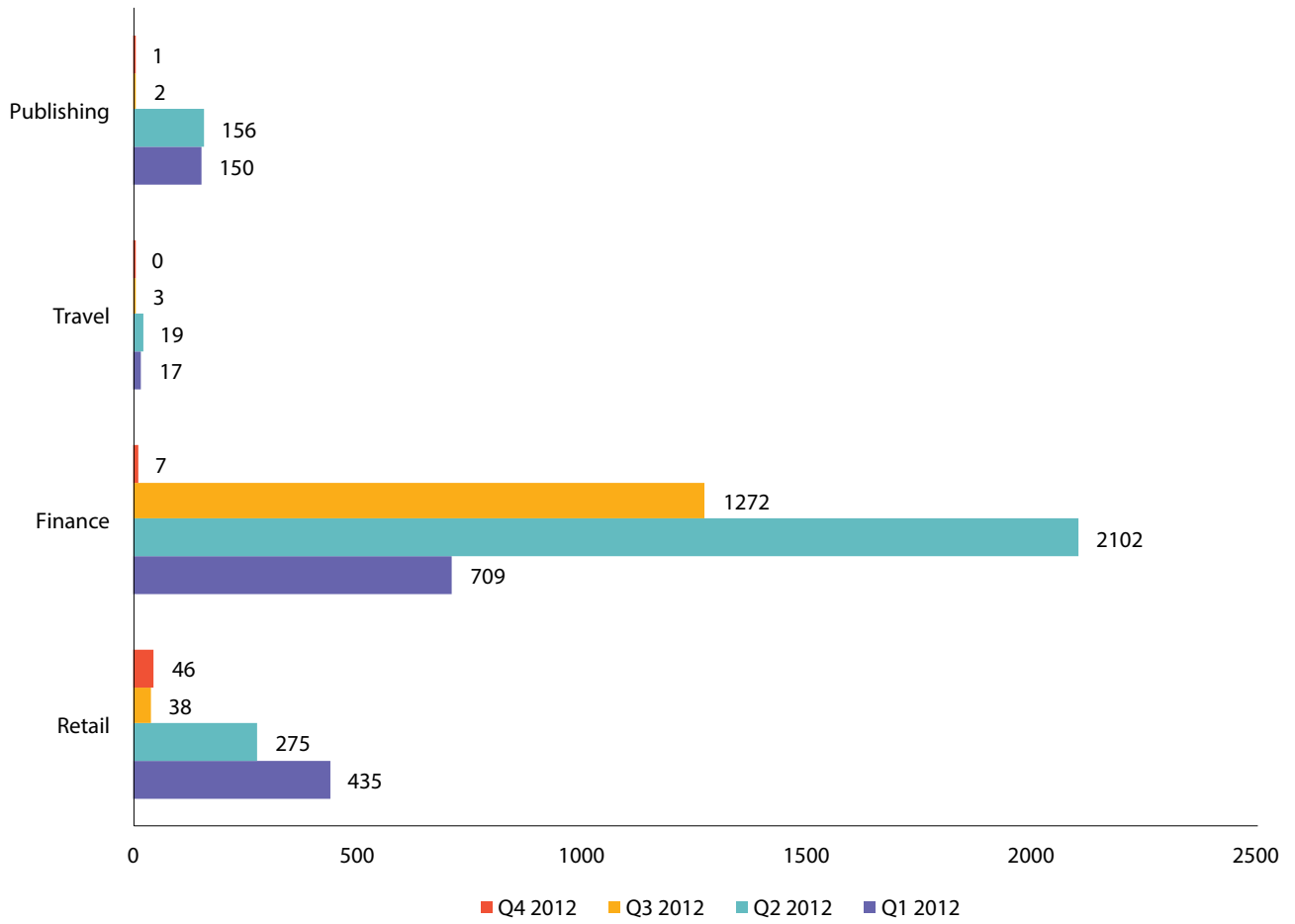
1.7 Monthly campaign numbers (B2B versus B2C)

Those ESPs able to give B2B/B2C splits revealed that **far more B2B campaigns are managed by the ESP** on behalf of the client. B2B senders are more likely to use managed email acquisition campaigns than B2C senders, since the costs of such campaigns are more easily offset by the relatively high value of a B2B lead.

How many campaigns per month do you manage on behalf of clients in B2B and B2C?
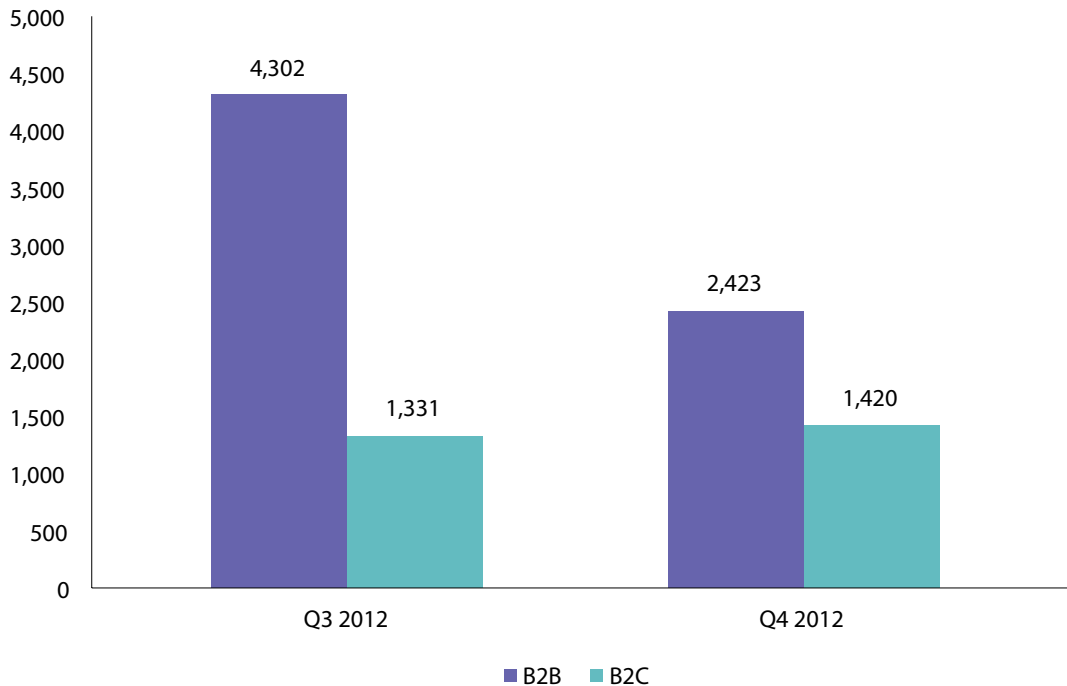
1.8 List size

ESPs are now managing **significantly more email addresses**, with the total number **rising about 36%** from Q1 to Q4.

List growth is always a challenge for marketers, but one newer opportunity comes from a reassessment of how email and social can best work together: **using social networks as a list growth resource**.

The catalyst behind this reassessment is recognition that most social network venues are best used for customer service and softer marketing goals, while email is a stronger conversion channel and particularly well-suited to one-to-one commercial communications:

- *One customer loyalty study*[16] for the UK found 60% (the top result) preferred to get information from favourite brands via email.

- *Another study*[17] found 77% of consumers preferred to receive permission-based marketing communications through email.

As *one award-winning head of social media*[18] described his organisation's social strategy:

> *"A lot of that strategy revolves around getting fans into our email database and creating that one to one relationship with them rather than trying to conduct that on social."*

16. Epsilon (2013) Consumer Loyalty Study – UK
17. ExactTarget (2012) The 2012 channel preference survey
18. Boston Business Journal (2013) Celtics' head of social media: Email is still king

How many email addresses do you currently have under your management?
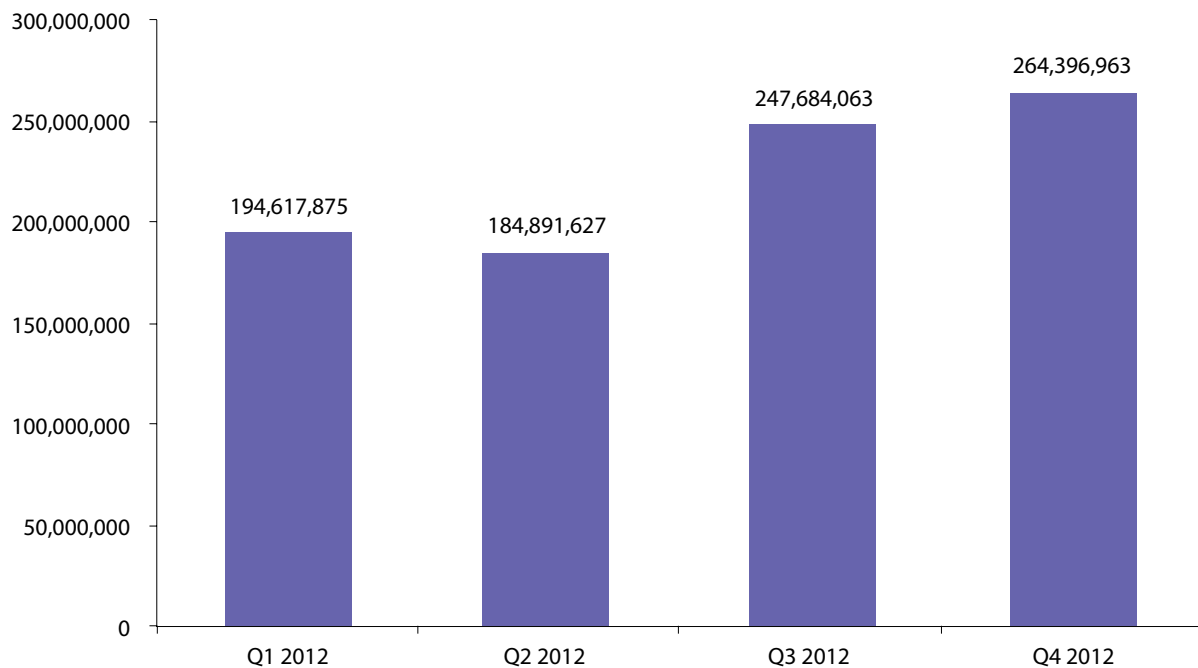
Opportunities for list-building via social networks include:

- Posting links to dedicated sign-up pages.

- Publishing teaser posts promoting forthcoming email content.

- Linking to the online or archived version of current email campaigns (these hosted versions need to include a sign-up opportunity).

- Posting email screenshots (particularly on Pinterest).

- Advertising on social networks, for example using promoted *tweets with a lead generation card*[19].

- Embedding sign-up forms and copy into social network profile pages.

- Retweeting customer tweets about their email subscription or the promotions/content they received by email.

- Growing social network followers as a first engagement stage, which requires less commitment from the prospect. Then, as a second-stage engagement approach, targeting these followers with messages designed to move them to email.

- Promoting sweepstakes and other sign-up promotions to social network followers.

Based on ESP responses, organisations are **sharing their emails on social networks more often**. Some 48% did so in H1 2012, but almost 54% did so in H2 2012 (an increase of just over 10%).

The DMA's *Email tracking report*[20] found that 78% of online consumers are active on at least one social website or network, and indicates where social marketing efforts should focus when promoting the email channel.

Facebook was by far the most dominant social network (used by 65%), with almost four times the popularity of its nearest rival (Twitter). Only five individual social properties were used by around 10% or more of respondents, namely LinkedIn, Twitter, YouTube, Amazon and Facebook.

The popularity of these networks is in constant flux, of course, and retail mailers, in particular, need to watch the growth of Pinterest: the UK is the third biggest user of Pinterest, *with just over 2 million accounts*[21].

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19. See Twitter (2013) Capture user interest with the Lead Generation Card
20. DMA (2013) Email tracking report 2013
21. Semiocast (2013) Pinterest has 70 million users

1.9 List size – by sector

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

Q3 2012   Q4 2012
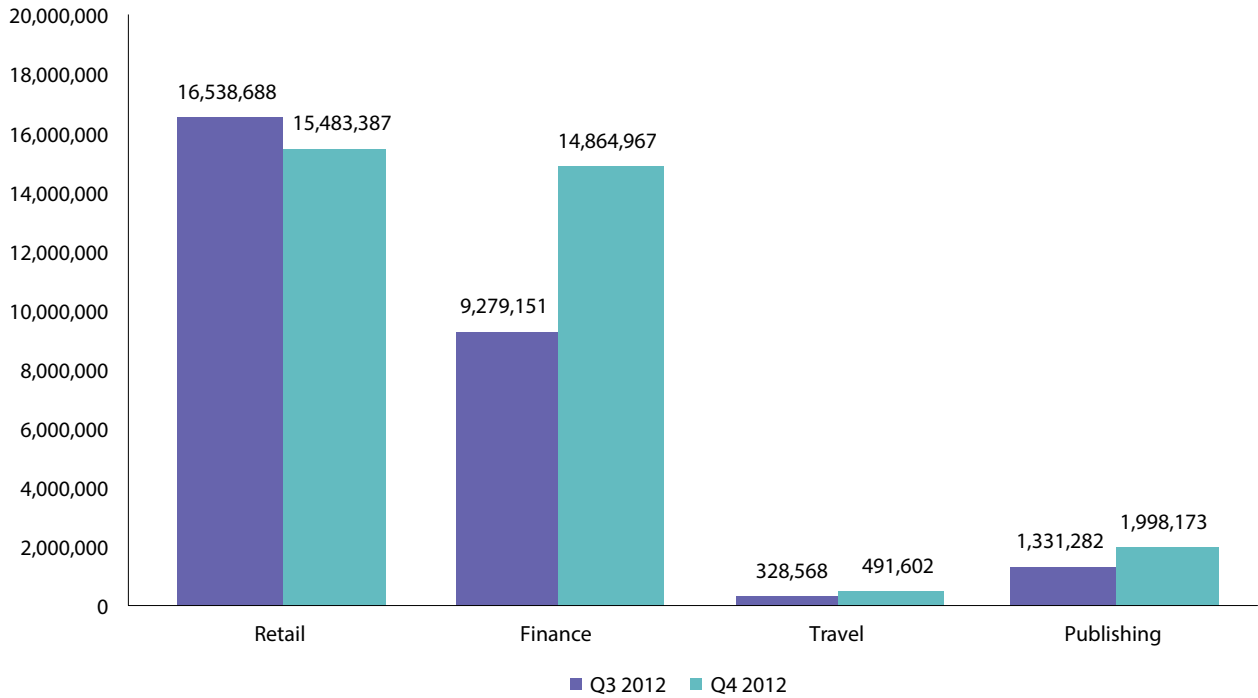
1.10 ESP services

As the below chart demonstrates, nearly all ESPs provide a full range of email-related services to their clients.

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

Q1 2012   Q2 2012   Q3 2012   Q4 2012
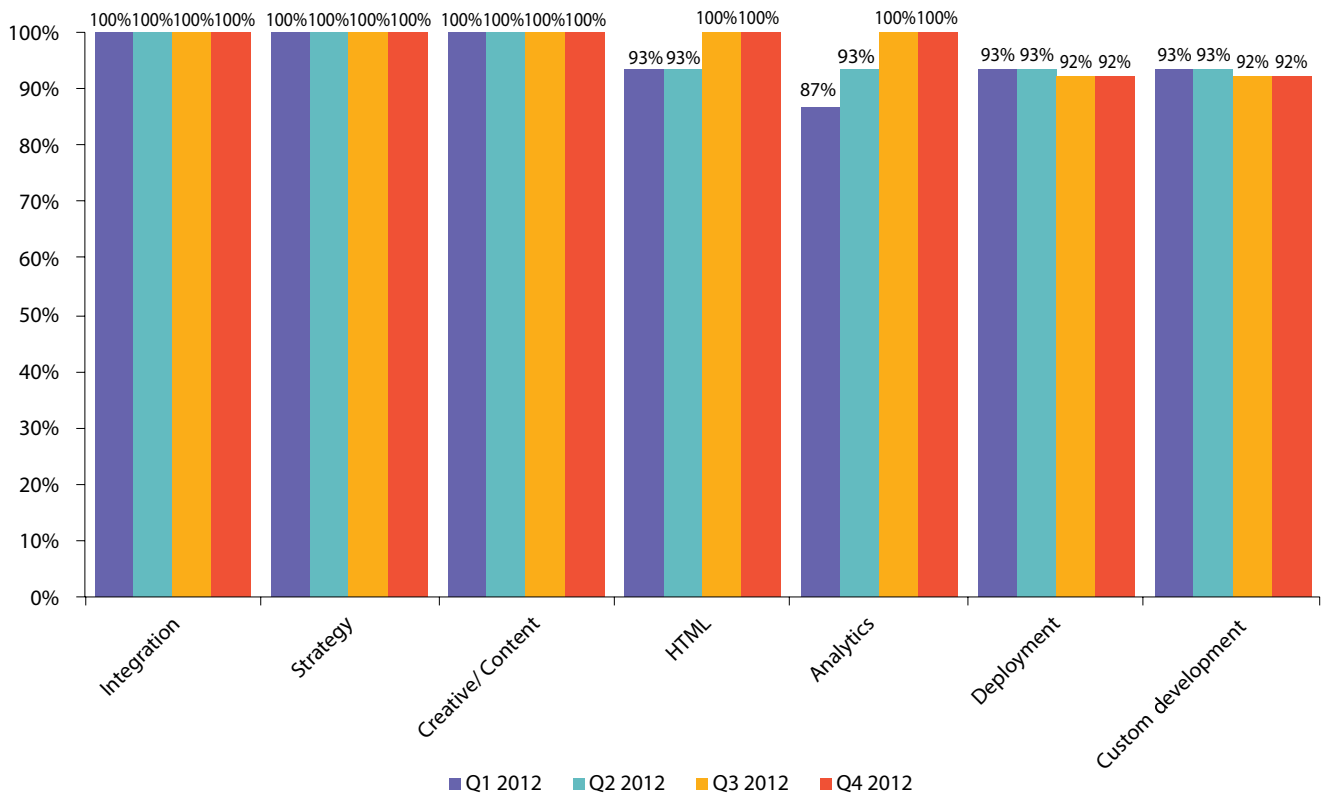
1.11 Contact frequency

Contact frequency in H2 2012 was **up some 7%** over the same period in 2011. This frequency increase is unsurprising given the "send more mail" message that has gained currency in email marketing circles. Segmentation also rose in H2 (see 2.1) and segmented email is more *likely to be sent more often*[22].

Average contact frequencies reached a medium-term peak of 2.27 per address per month in Q4 2012. This is the **second highest quarterly figure since Q1 2010**, but still lower than the frequencies seen in earlier benchmark data.

Despite the growing popularity of the "send more" mantra, marketers are perhaps still wary about doing so for fear of hurting response rates (but see 3.1 on rates versus absolute numbers) and accelerating list attrition.

Even with increasing contact frequencies and the large mailing volume, there is little suggestion that attitudes to permission-based commercial email are strongly negative or worsening. US surveys reveal the opposite:

- *Blue Kangaroo found*[23] only 10% of respondents described the number of marketing emails they get as "much more than I'd like" (34% said "somewhat more").

- *A Forrester report found*[24] the number of people saying they get too many marketing emails fell 18% from 2010 to 2012 (to 40%).

New inbox tools, like Gmail's tabs, are also making it easier for consumers to manage their email. Nevertheless, response rate benchmarks (see 3.1) suggest we may be approaching natural limits to the "more and more" approach.

Behavioural email, of course, supports frequency increases. The timing and content of each email is determined by a recipient action (like a purchase) or key data point (like a birthday), so the value and relevancy of such emails is higher than with broadcast mails. Delivering higher value allows organisations to send more, since the threshold at which mails become "too many" rises with the value of these messages. Behavioural email was originally sold as an alternative to poorly-segmented broadcast email. Marketers have learned to blend the two, using broadcast for reach and high per-campaign revenue, and trigger messages for high per-email revenue.

This combination poses frequency challenges, however. For example:

- Can you track frequency and timing at a subscriber level when you have broadcast and trigger campaigns operating simultaneously?

- Broadcast campaign frequency is often managed carefully. Should you create new caps that also account for trigger campaigns?

- If that cap is reached, how do you prioritise campaigns?

- If relevant subscriber events (like browsing a particular part of the website) can occur multiple times, can (should) you cap the number of times the same behavioural trigger activates the same trigger email content or sequence?

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22. See iContact (2013) The Small and Midsize Business Email Marketing Survey 2013
23. Blue Kangaroo (2012) Blue Kangaroo Survey on Marketing Emails
24. Internet Retailer (2013) Marketing e-mail may be getting less annoying to consumers
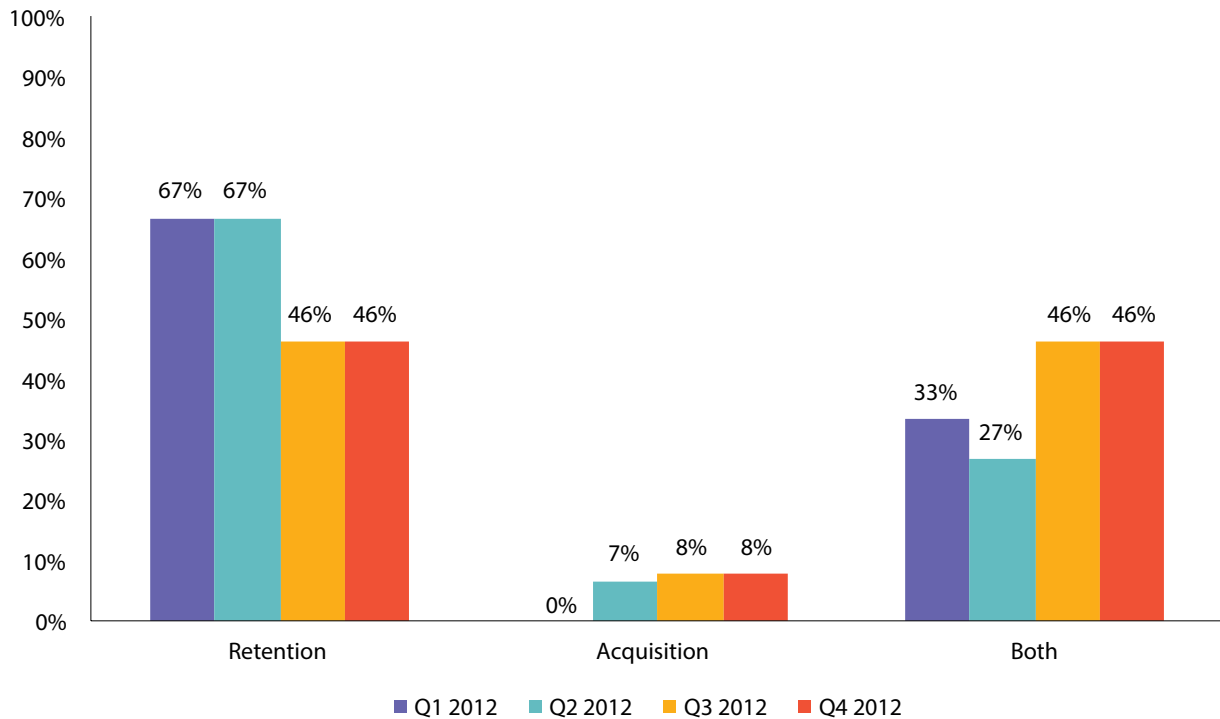
How many times on average is each address under management contacted per month?
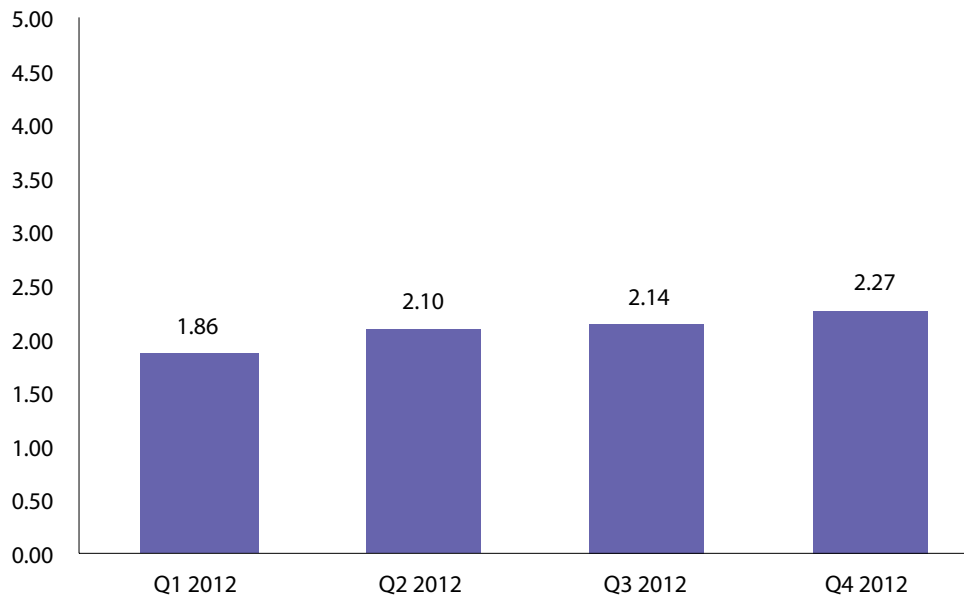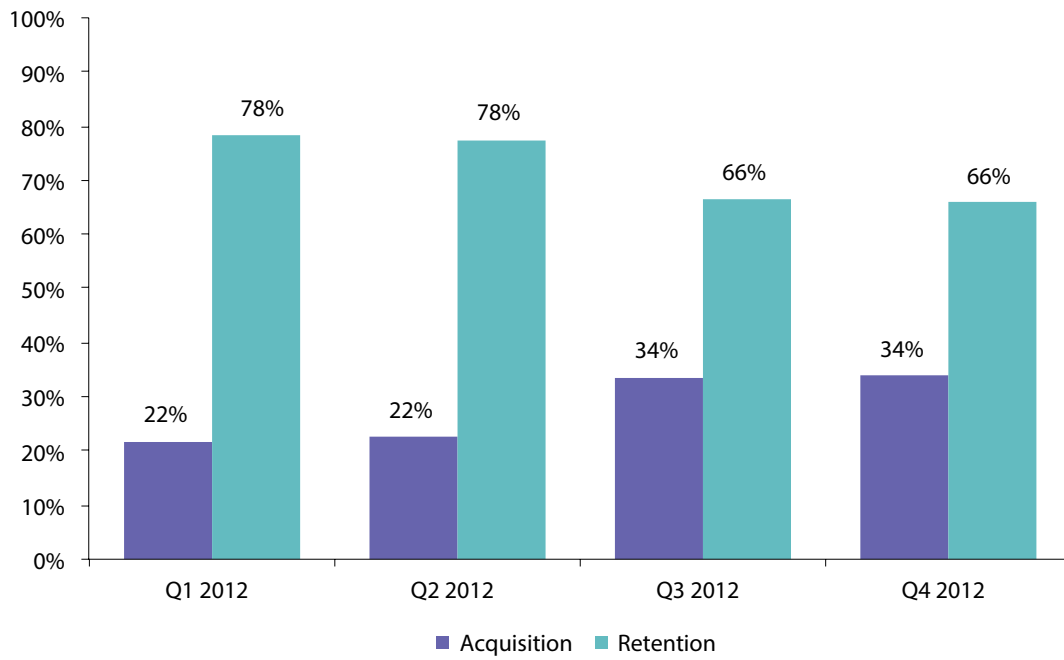

1.12 Retention versus acquisition

Respondents also noted a move away from retention in 2012 towards a mixture of acquisition and retention. This is also seen in relative sending volumes.

What is the main type of email activity undertaken?

What percentage of your mailing volume is...?

2. Strategy and segmentation

2.1 Segmentation practices

Across 2012 there was **marked growth in mid-level segmentation** (featuring 4-6 segments), which more than doubled across the year, and a sharp decline in single-segment email, which fell by 70%. One explanation is that those attracted to email marketing by the positive press and robust results of the recession years are now taking a more nuanced approach to campaign development. Equally, the rise of the "send more mail" approach may have gained early converts who were less discriminate about what they sent and to whom. These may have learned to combine frequency increases with better targeting to improve both response rates and absolute responses.

How many cells or segments are typically in each campaign?
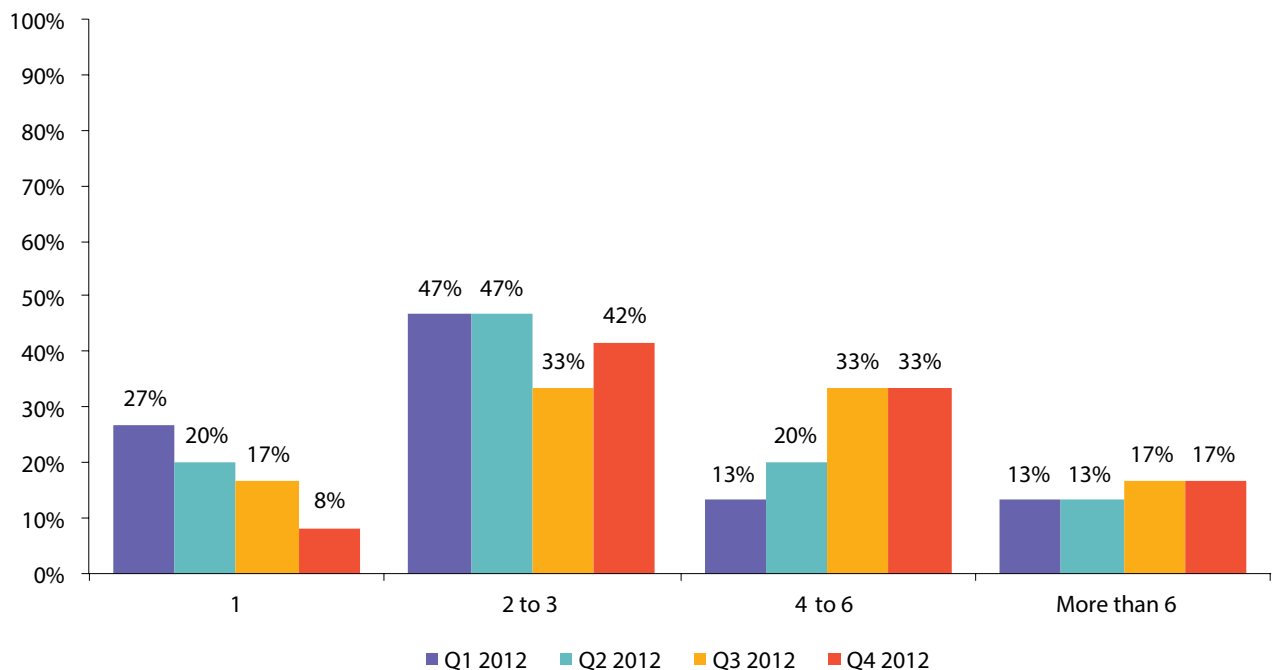
2.2 Individualisation practices

As usual, there is a large difference between the availability of individualisation tools and the actual use of these tools. The main reasons cited by ESPs for this difference concern data issues, specifically an absence of suitable data, an inability to access existing data, or not enough time to use or upload available data.

Marketers themselves highlight similar problems. In the latest DMA *National client email report*[25]: 27% mentioned "lack of data" as a constraint to achieving their marketing goals, 54% cited "internal resources", and 30% cited "internal processes".

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25.   DMA (2013) National client email report 2013

To what extent do you have the capability to individualise the email campaigns sent?
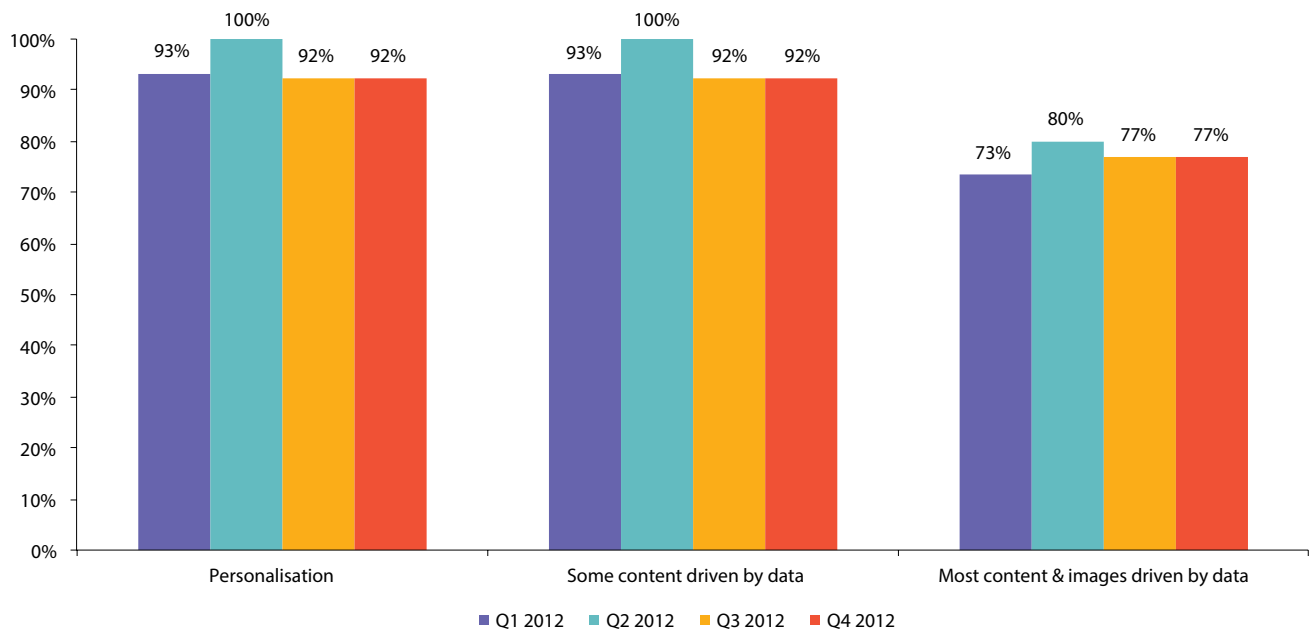
What percentage of your clients individualise their emails?
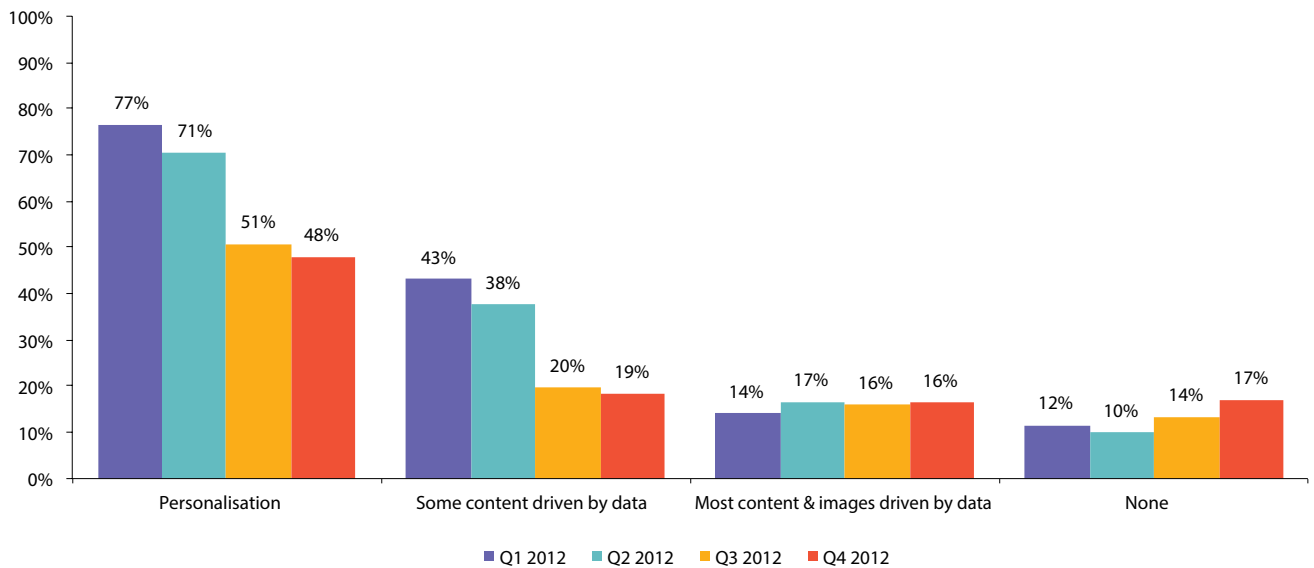
Personalisation is important not only for the potential response benefits, but because it is becoming a **customer expectation**. For example, 67% of *US internet users said*[26] it was important that marketing emails be personalised.

26. Responsys (2013) Personalized digital marketing is your ticket to the relationship era

2.3 Platform integration

Of course, some of the responsibility for an absence of personalisation may also lie with the ESP/data interface (or lack of one). ESP integrations with various other software platforms are generally good, but by no means universal, as the following chart demonstrates:

Does your platform integrate with other software tools?

■ Yes Q1 2012   ■ Yes Q2 2012   ■ Yes Q3 2012   ■ Yes Q4 2012
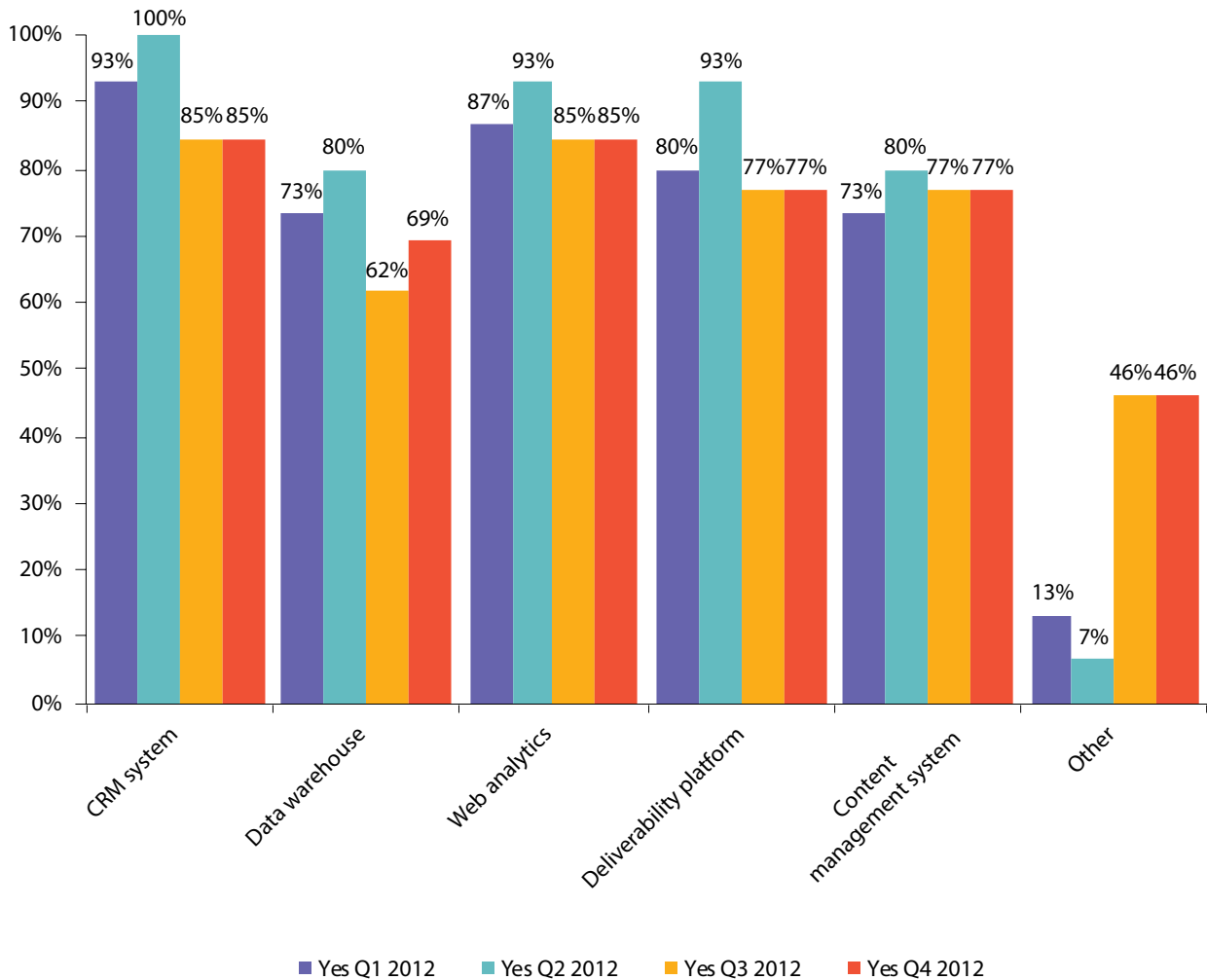
Widespread interest in individualisation and behavioural campaigns still has some way to go to turn into universal uptake. This is also seen in beliefs regarding the most helpful personalisation functions for ESP clients.

Custom fields and dynamic content are cited most often (and behaviour-driven content not at all in Q4), suggesting marketers are most comfortable with early-stage individualisation, such as populating messages with personal data.

Which of the following personalisation functions is most helpful to you clients?

Q3 2012 Q4 2012
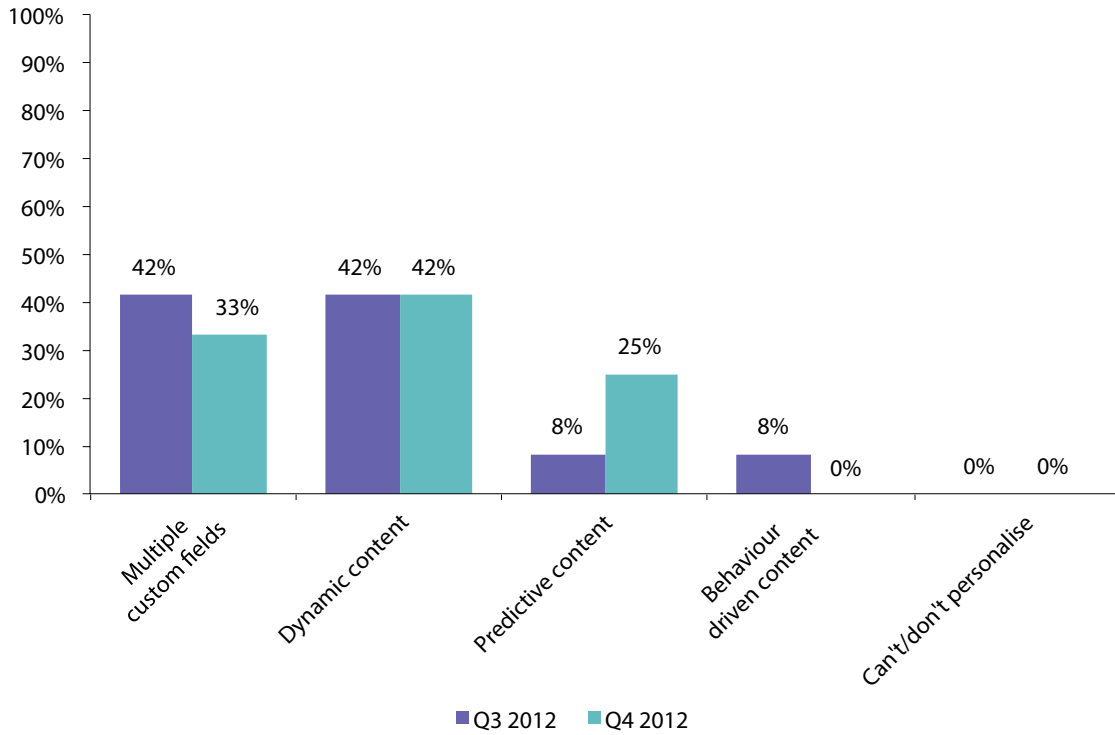
2.4 Strategic versus tactical approaches

The trend to more nuanced approaches to email is confirmed in a slightly more strategic approach to email marketing observed in Q4 2012 as opposed to Q3.

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

Tactical Strategic
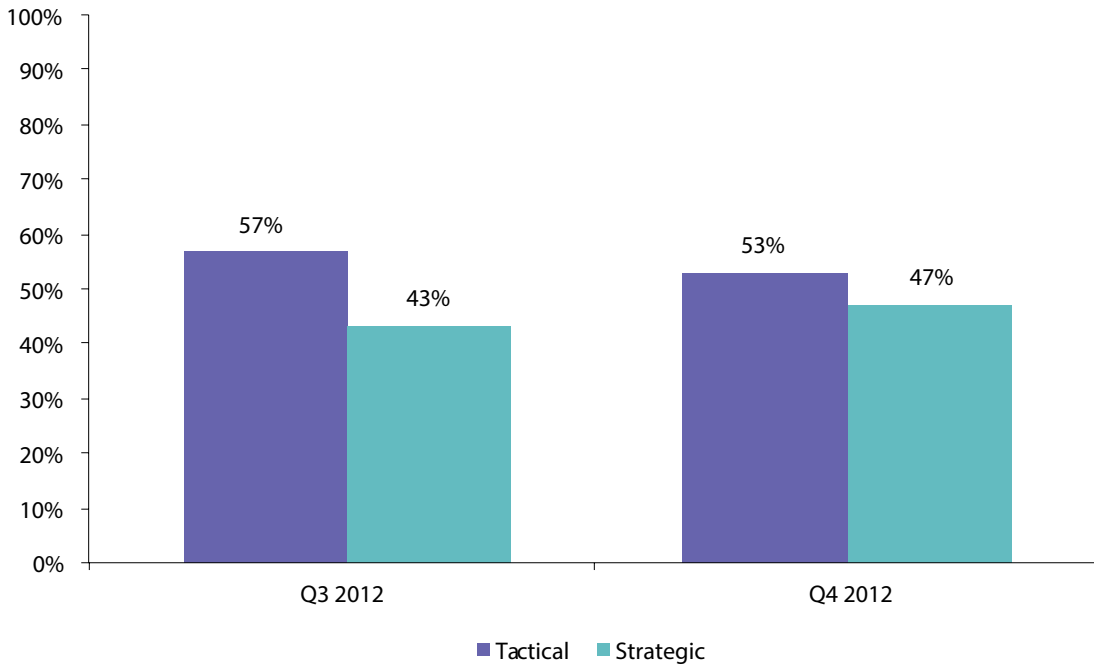
3. Benchmark performance metrics

How did volume and frequency increases affect performance metrics?

3.1 Metrics overview

Unique open rates rose to **unprecedented levels**, reaching **21% and 29% in Q4 2012 for acquisition and retention mail** respectively. This is not explained by improved inbox delivery rates (which actually fell slightly in Q4). Nor can the rise be explained in full by improvements to strategies, tactics and campaign quality, since click rates showed no such increase.

Historically, some of the blame for falling open rates was placed on increased image blocking by email clients and webmail services. Equally, some of the current increase can be attributed to a **recent decline in image blocking**. For example, the default setting on native email applications on iOS mobile devices is to download images. This is important when you consider that mobile email use rose significantly across 2012:

- *Litmus found*[27] the number of opens on mobile devices increased 48% across 2012. By December 2012, iPads and iPhones accounted for 36% of opened email.

- *Return Path put*[28] the iPad and iPhone's share of opens at some 31% in October 2012, also noting that "mobile open share has increased 300% since 2010".

As noted above, unique click-through rates did not rise significantly. In fact, after a small rise between Q2 and Q3, they returned **to long-term low levels** in Q4. Unique CTR for retention emails hit an **all-time low** in that quarter at 4.73%. Results for North America were similar: *Epsilon benchmarks*[29] put click rates for "business as usual" emails in Q4 2012 at 4.5%.

If higher opens are largely down to changes in the display of images in email, and click rates are fragile, then increased volumes and frequencies are perhaps beginning to cause a dip in response rates. An uptick in opt-out rates would also then be expected. For retention emails, this unsubscribe rate went up over 150% between Q1 and Q4, reaching 1.2%. For acquisition mails, though, it actually declined 19% across the same period to 0.7% (lower than the retention opt-out rate).

The click and opt-out rates should not be seen as cause for immediate alarm. For example, the latter are still relatively low in the historical context. Equally, it's important for marketers to understand the difference between response in terms of rates and absolute numbers.

An average ESP sent 379414759 retention emails in Q1 2012 at a CTR of 4.88%, producing 18515440 actual clicks. CTR in Q4 was lower than in Q1 at 4.73%. But an average ESP sent 430,303,029 emails in that time, producing 20,353,333 clicks: that's 10% more clicks than in Q1. However, given the click and opt-out trends, it will be interesting to see how response develops across 2013 and whether frequency and volume are approaching or have passed an optimal level.

At an individual email level, many senders can do more to encourage clicks by working on their calls to action, an oft-neglected aspect of campaign creation. For example, one organisation tested two buttons in an *email and found*[30] "download the guide" earned 43% more revenue than "get the guide". *The same organisation also gained*[31] 33% more revenue by moving a CTA to the top of the email.

CTA test variations can cover the number and location of CTAs within the email, text versus buttons, font size, font colour, font type, wording, button size and colour, button shape, etc.
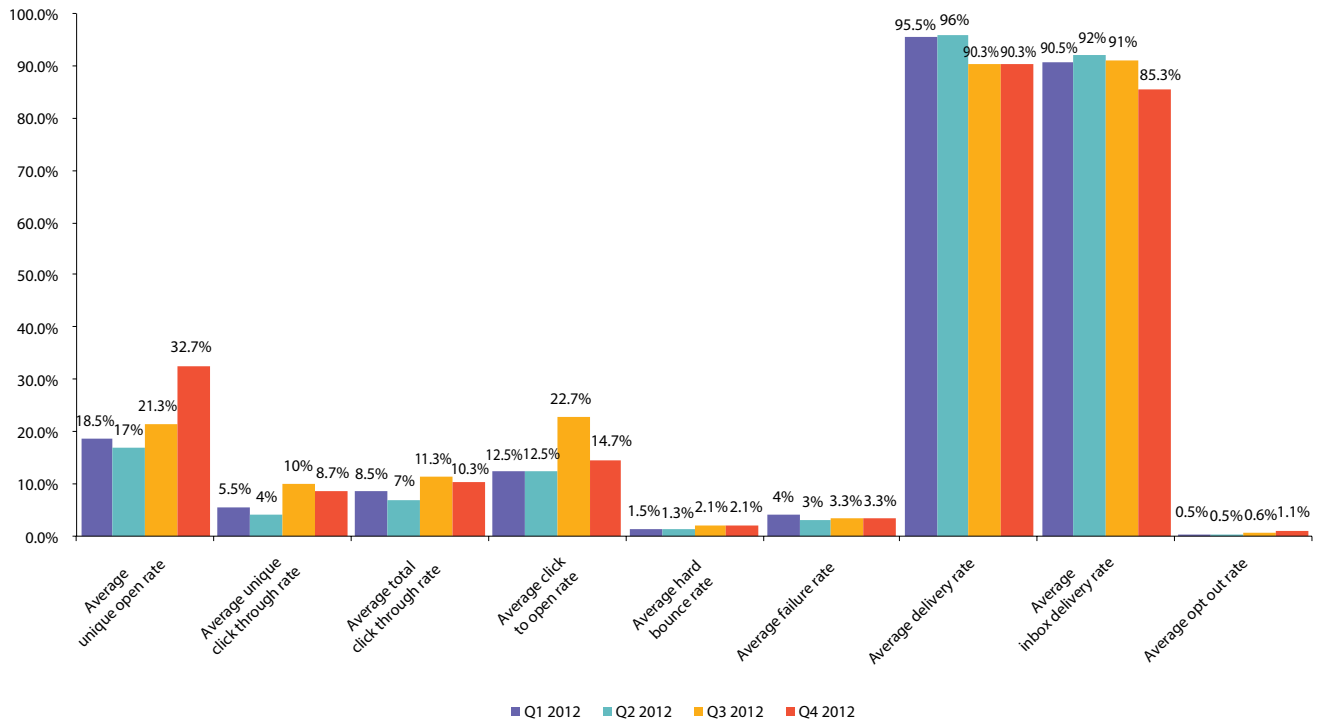
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27. Litmus (2013) Android Climbs In Market Share; Mobile Email Opens Up 138%
28. Return Path (2012) Email Mostly Mobile
29. Epsilon (2013) Q4 2012 North America Email Trend Results
30. VerticalResponse (2012) Call to Action Test – Which Got More Action?
31. VerticalResponse (2012) The Results Are in! Takeaways from VR Email Tests: CTA Edition

3.2 Sector performances

Much of the Q4 jump in unique open rate seemed to come from retail and financial emails, which saw increases of 80% and 97% from Q3 to Q4. Open rates for the travel and publishing sector stayed relatively constant from Q3 to Q4. Click rates, as with the cross-industry results, didn't follow the open rate pattern and all sectors except finance ended the year with lower CTR than at the start. The drop was particularly dramatic in the travel sector (perhaps for seasonal reasons), falling from 10% in Q1 to just 5% in Q4. B2B click rates were some five times higher than in B2C in H2 2012.

3.3 Unique open rates – data charts

Average Unique open rate
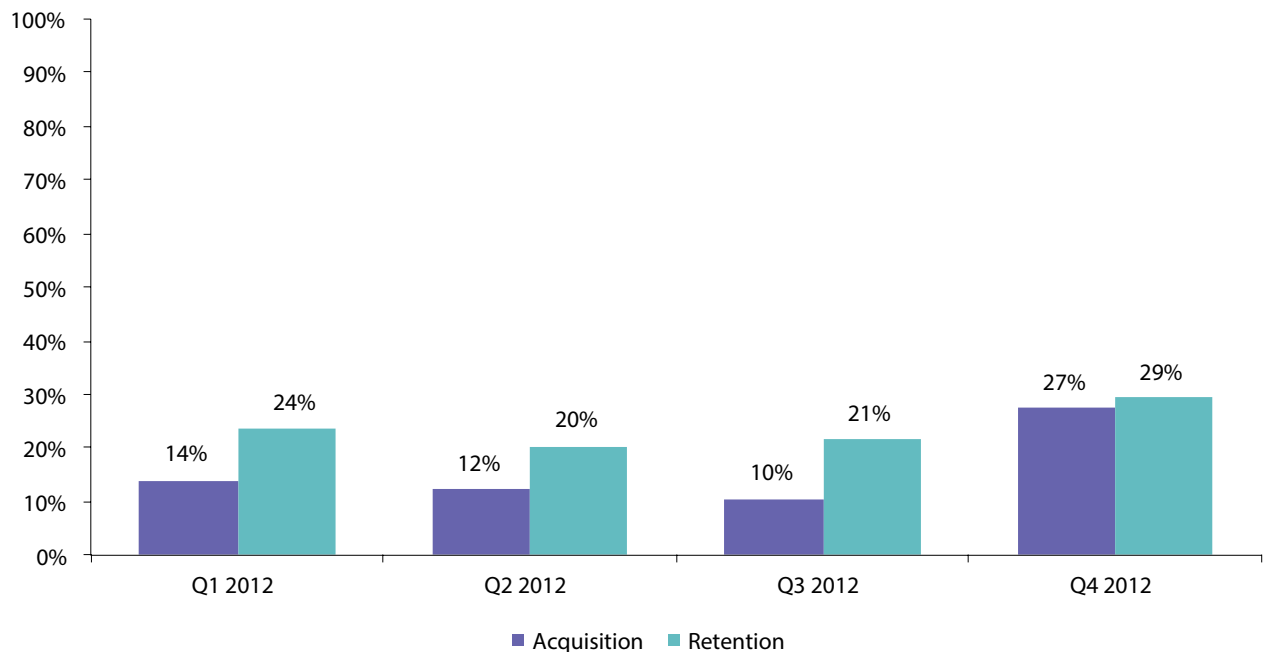
Average Unique open rate (by sector, limited sample)
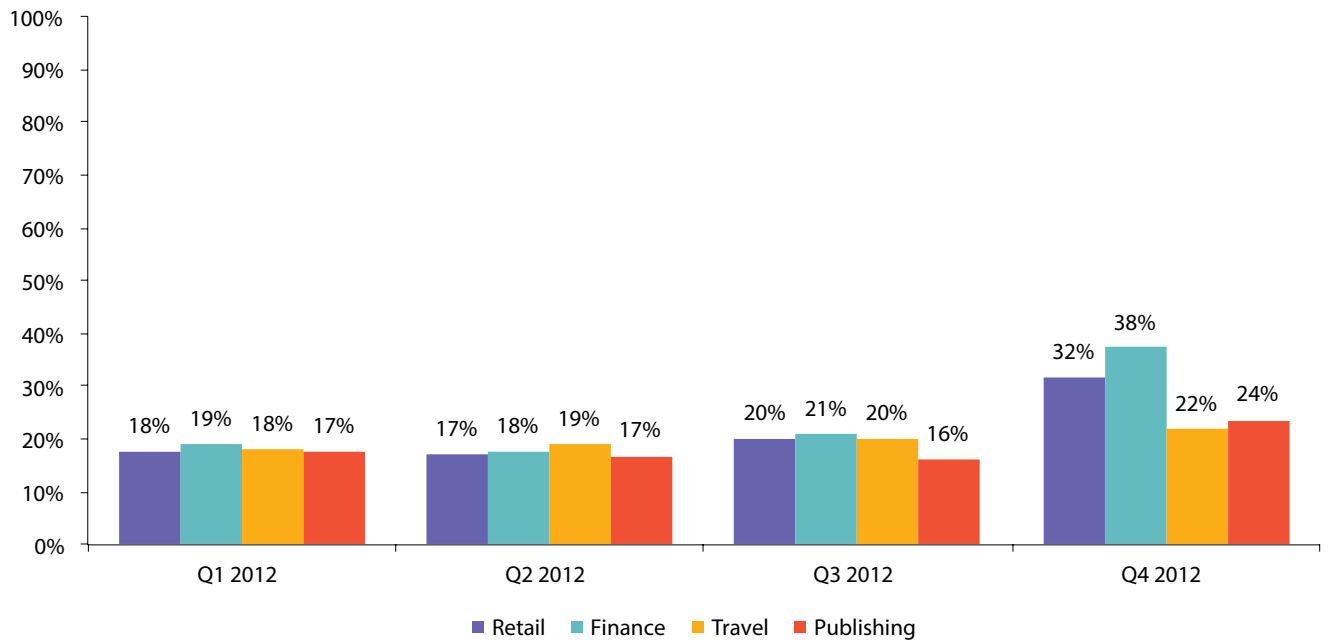
Average Unique open rate (B2B/B2C, limited sample)
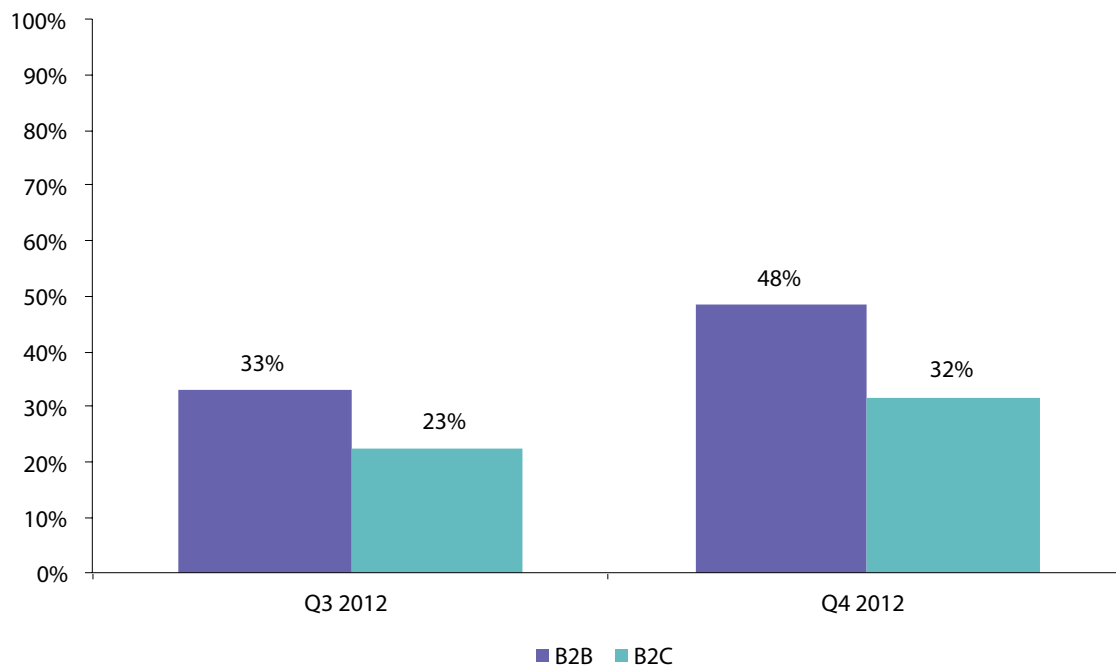
3.4 Unique click-through rates – data charts

Average unique click-through rate
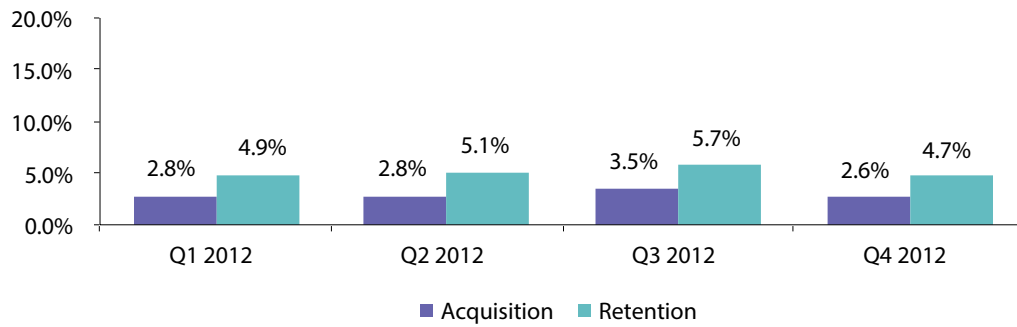
Average unique click-through rate (by sector, limited sample)
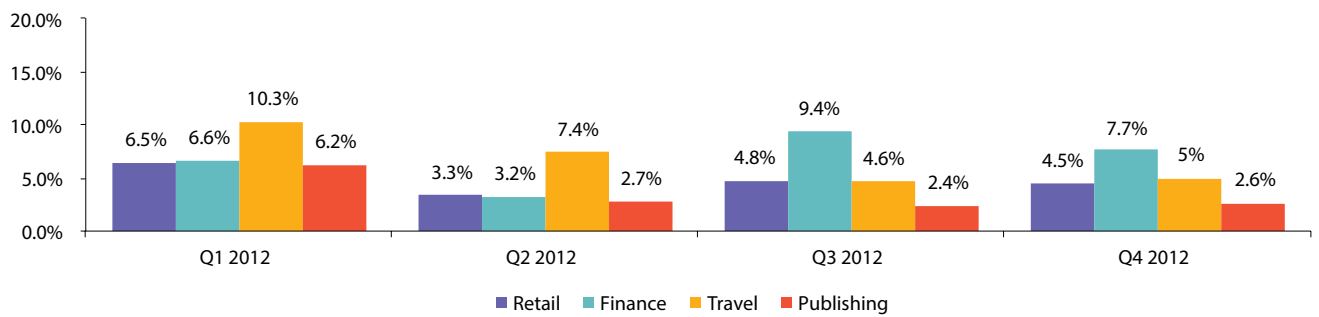
Average unique click-through rate (B2B/B2C, limited sample)
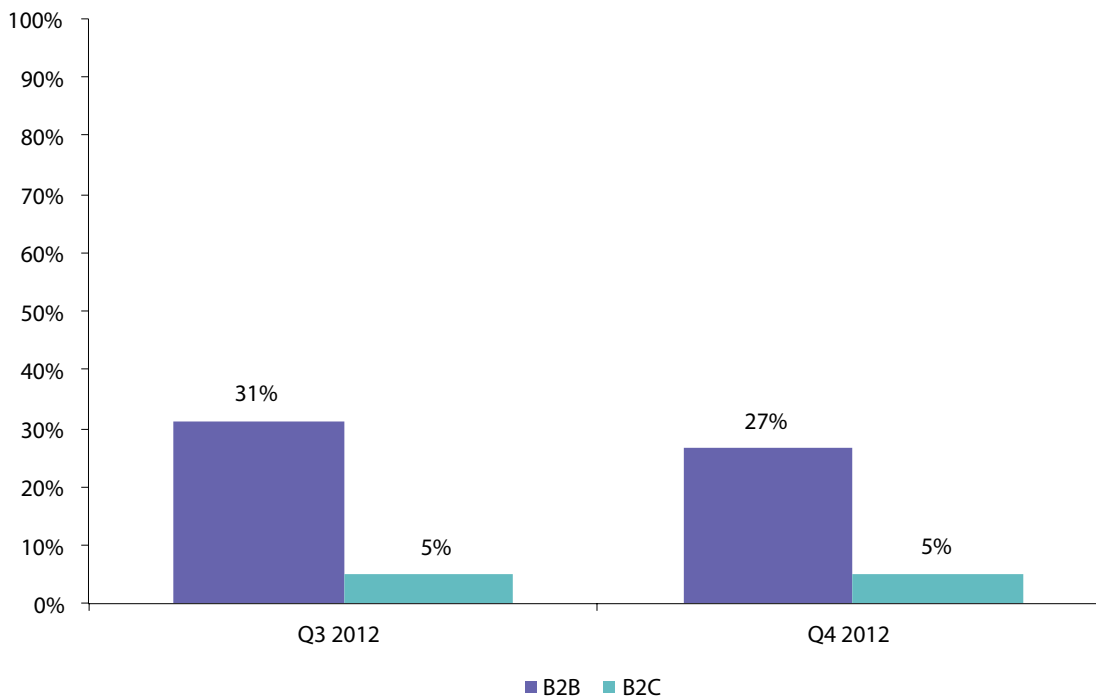
3.5 Total click-through rates – data charts

Average total click-through rate
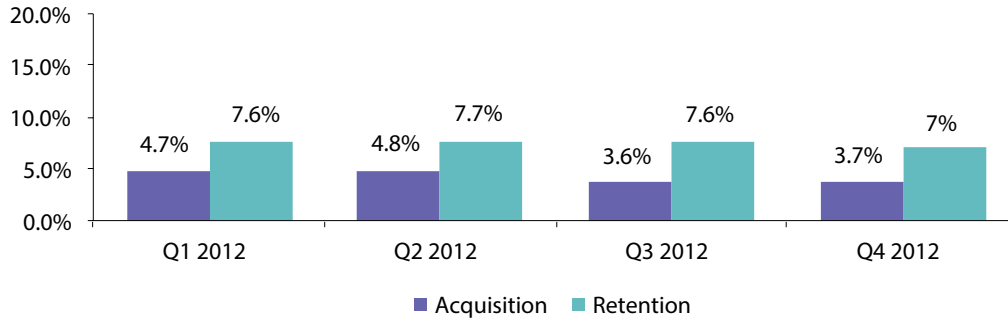
Average total click-through rate (by sector, limited sample)
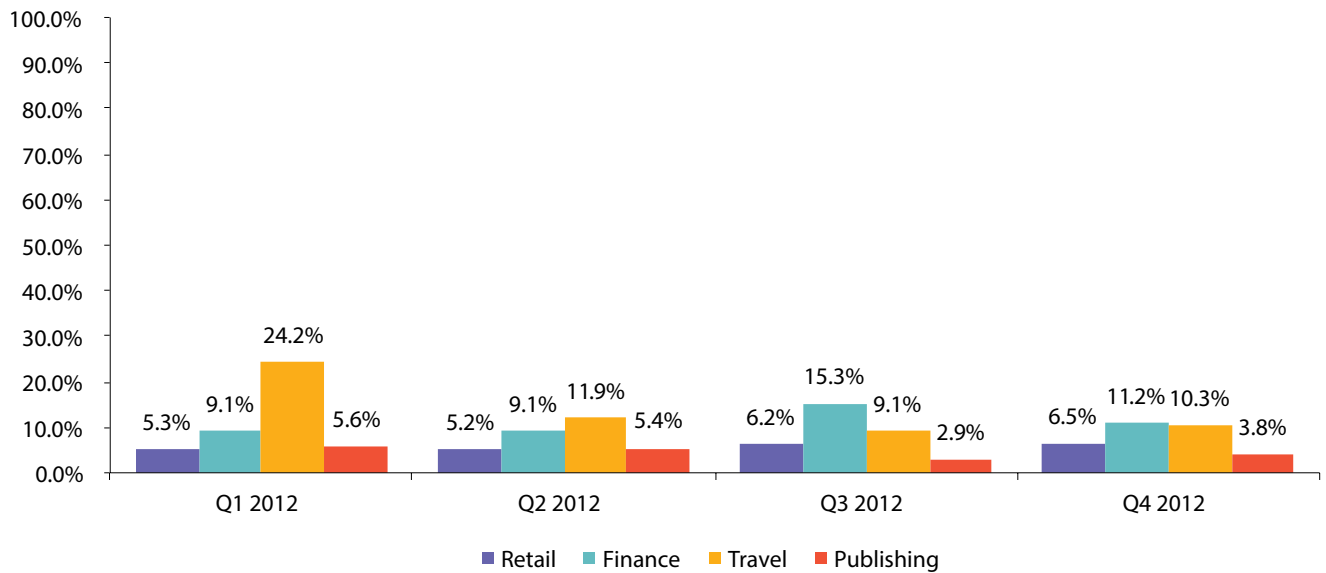
Average total click-through rate (B2B/B2C, limited sample)
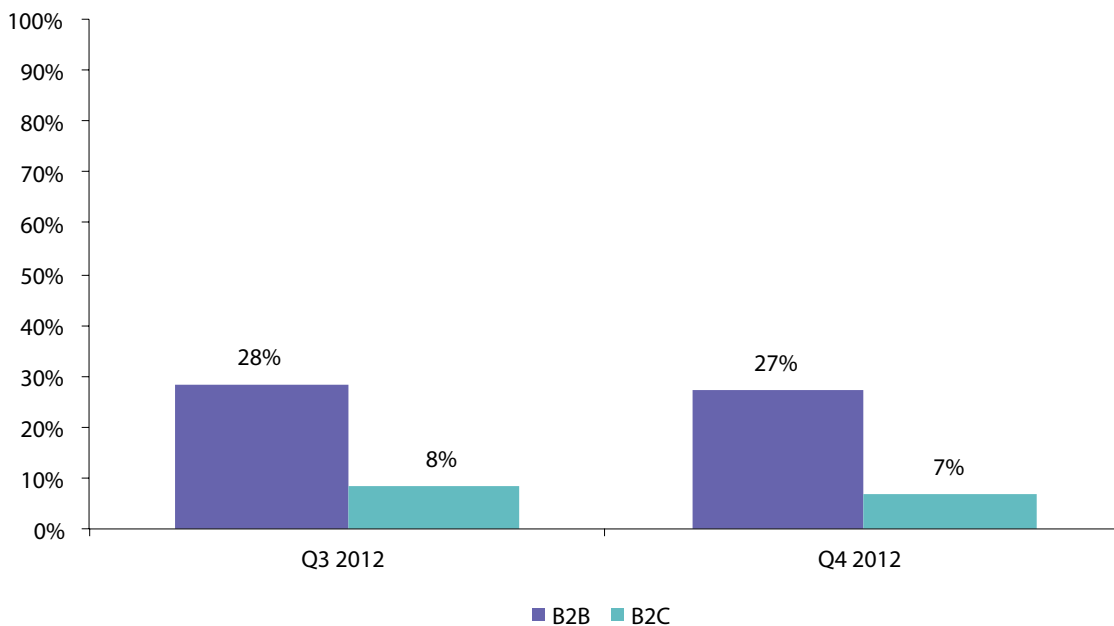
3.6 Click-to-open ratio – data charts

Average click-to-open ratio
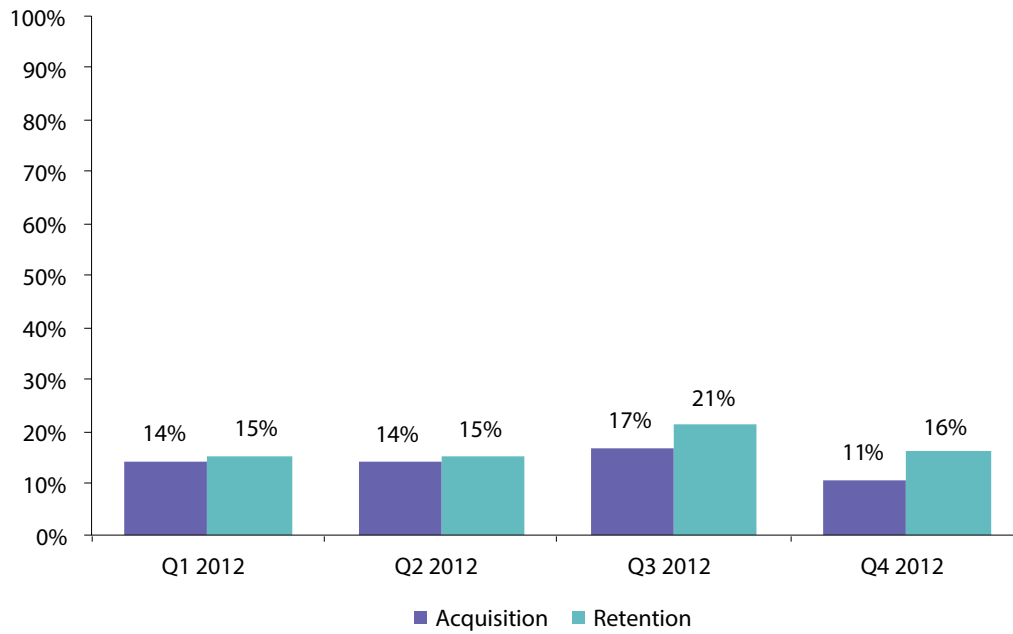
Average click-to-open ratio (by sector, limited sample)
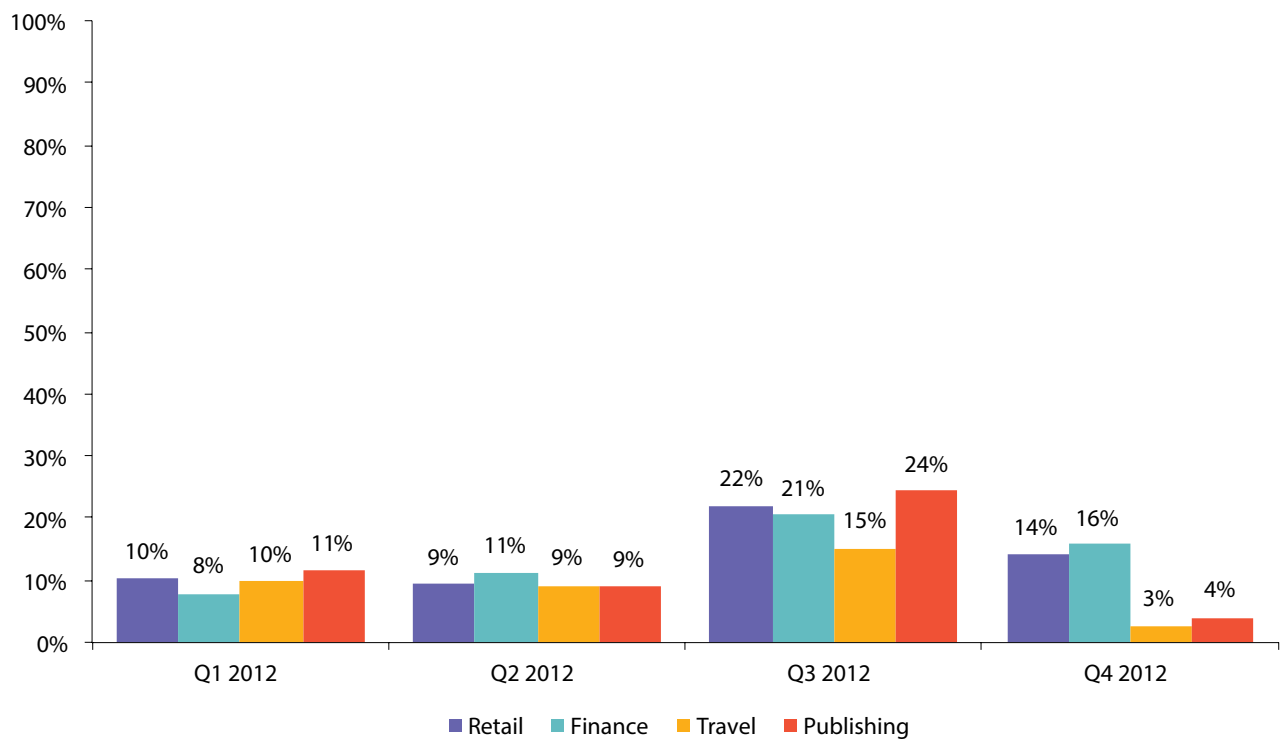
Average click-to-open ratio (B2B/B2C, limited sample)
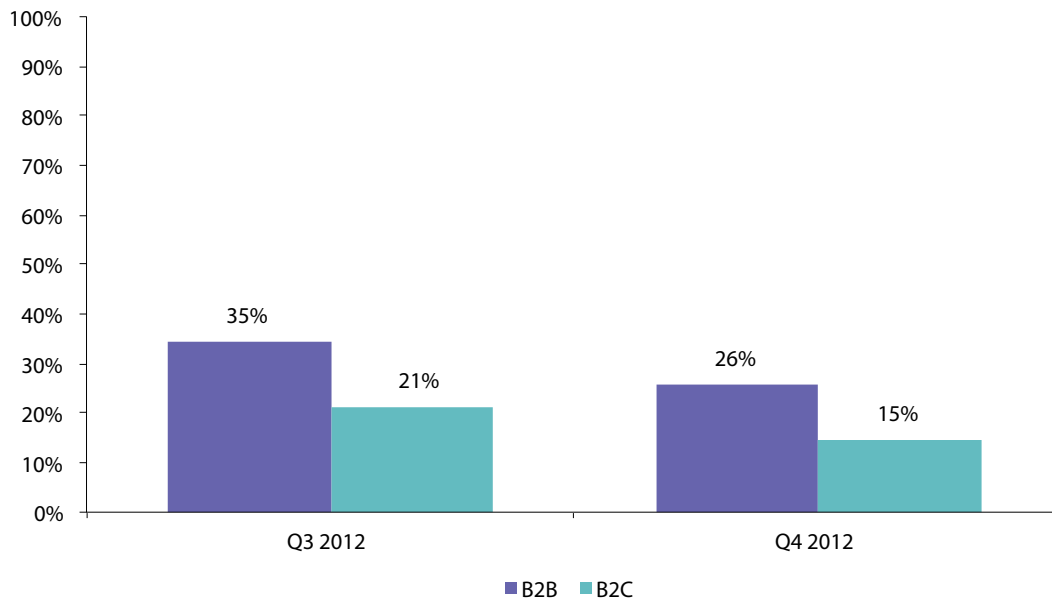
3.7 Opt-out rate – data charts

Average opt-out rate
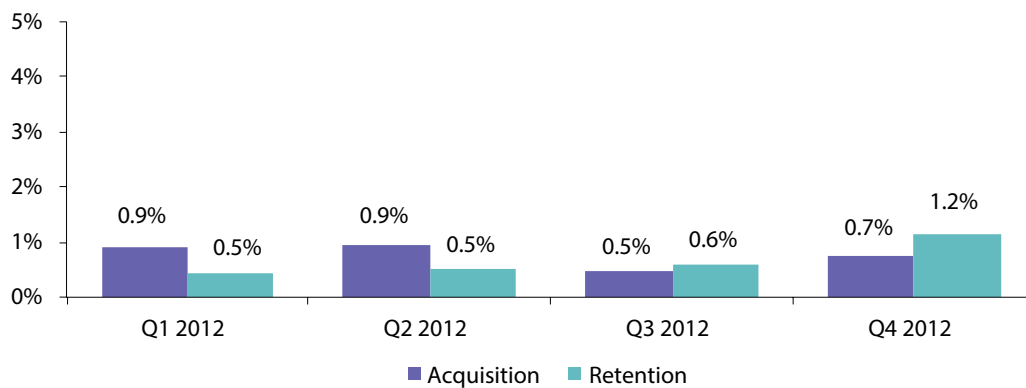
Average opt-out rate (by sector, limited sample)
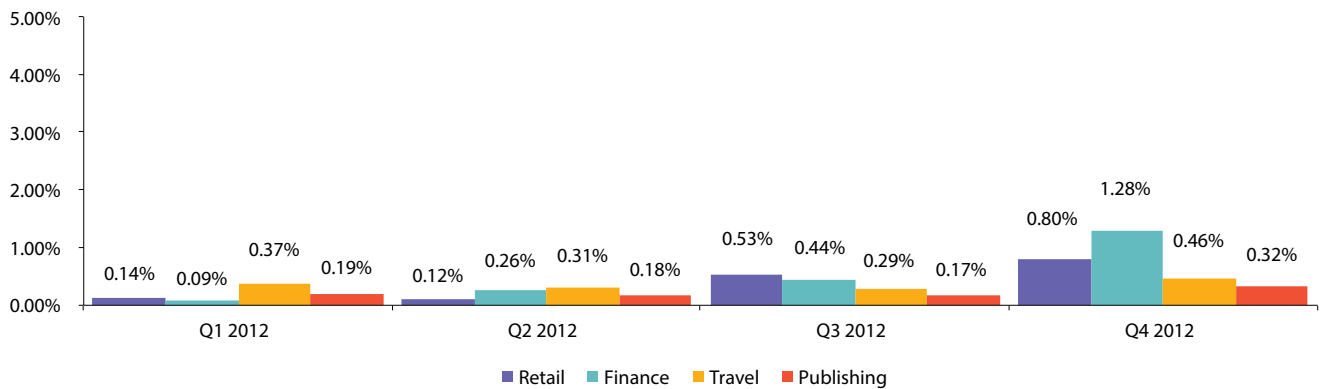
Average opt-out rate (B2B/B2C, limited sample)
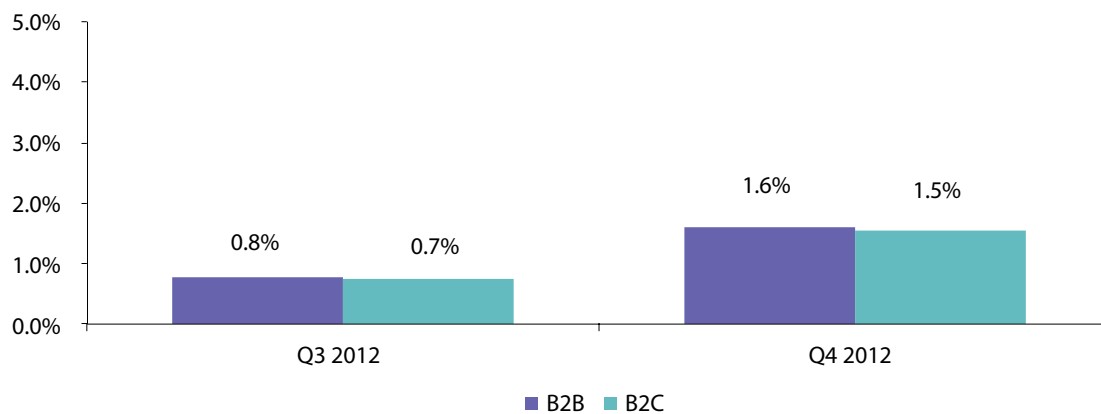
4. Benchmark deliverability metrics

H1 2012 saw inbox delivery rates pick up after a poor 2011. But did this trend continue through the second half of the year?

4.1 Deliverability overview

The new benchmarks suggest ESPs and marketers should continue to give attention to deliverability issues. From Q2 2012 to Q4 2012, delivery rates fell slightly, by just over 4% for acquisition emails to around 88% and by some 3% for retention emails to about 94%.

For retention emails, the average inbox delivery rate was 90% in Q4 (down 4% on Q2) . This figure still compares favourably with the 85% reported in H2 2011. It's also higher than the *inbox delivery rate of 84% reported*[32] for Europe for Q4 2012 by Return Path.

Inbox delivery rates for acquisition email **fell more noticeably**, however. In Q4 2012, just over three in four acquisition mails reached the inbox (78%), a drop of 10% from the year's high in Q2. This performance is also reflected in the impact on the B2B figures, where lead generation/acquisition campaigns are more prevalent.

ESPs stated that inbox delivery has become easier. For example, while only 14% described it as "quite easy" in Q2, 46% did so in Q3 and Q4. The benchmarks support the idea (certainly for retention mail) that delivery rates are relatively positive compared to 2011 and other countries, but there is still room for improvement, particularly on the acquisition side.

Given the technological changes in email, how easy do you find it to deliver email messages to the recipient's inbox at the moment?
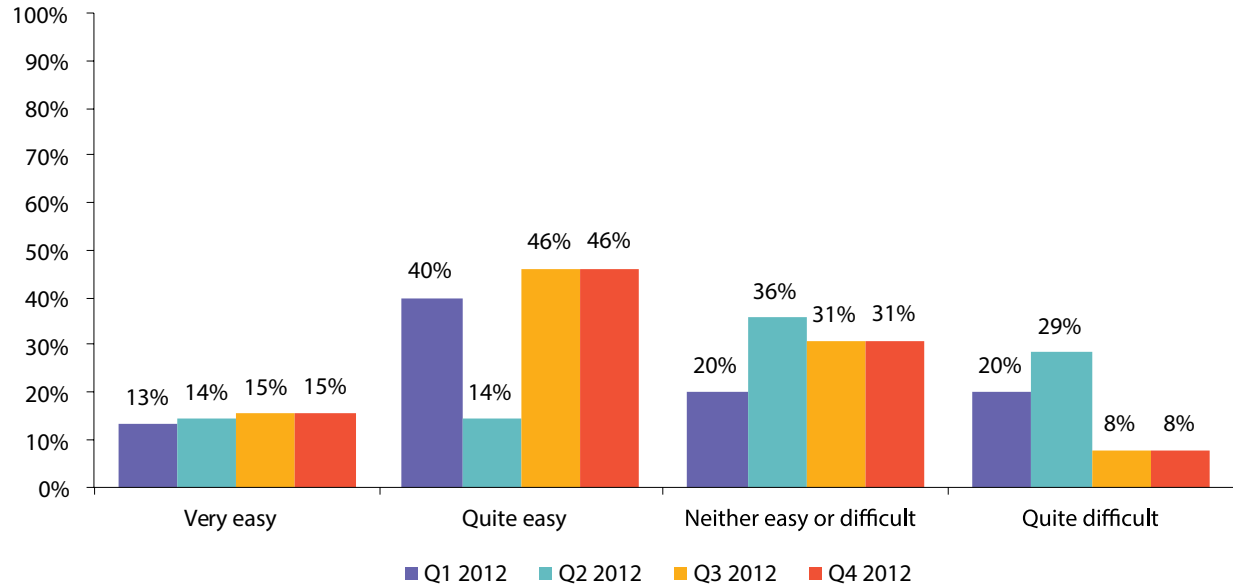
Some of the inbox deliverability drop may be due to the impacts on sender reputation of allowing soft bounces to survive far longer in the database: in H1 2012, the threshold for removing soft bounces was under three, but **rose to over five** in both Q3 and Q4. A greater volume of less targeted acquisition email might also have led to more spam reports and a poorer sender reputation.

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32. Return Path (2013) Email Intelligence Report Q4 2012

In 2013, the inbox delivery challenge will grow as ISPs add another layer to the delivery puzzle. More intelligent inbox tools now let users parcel up that inbox into different categories. So delivery may become about getting email accepted, getting email placed in the inbox **and** getting email placed in the right part of the inbox.

Gmail, for example, migrated its user base to a tabbed system in the middle of 2013, where the inbox interface includes promotional, notification, primary and other tabs. The impacts on user behaviour and the response to marketing mails allocated to the promotions tab is not yet clear. There is some suggestion that *open rates may suffer*[33], though the impact on more meaningful metrics is *likely more nuanced*[34] and may even be positive.

Nevertheless, these changes and reported inbox placement rates suggest **delivery complacency is not an option for the UK email marketing industry**. All the more worrying, then, that the depth of tracking for deliverability at ESPs seems to have dropped off across 2012:
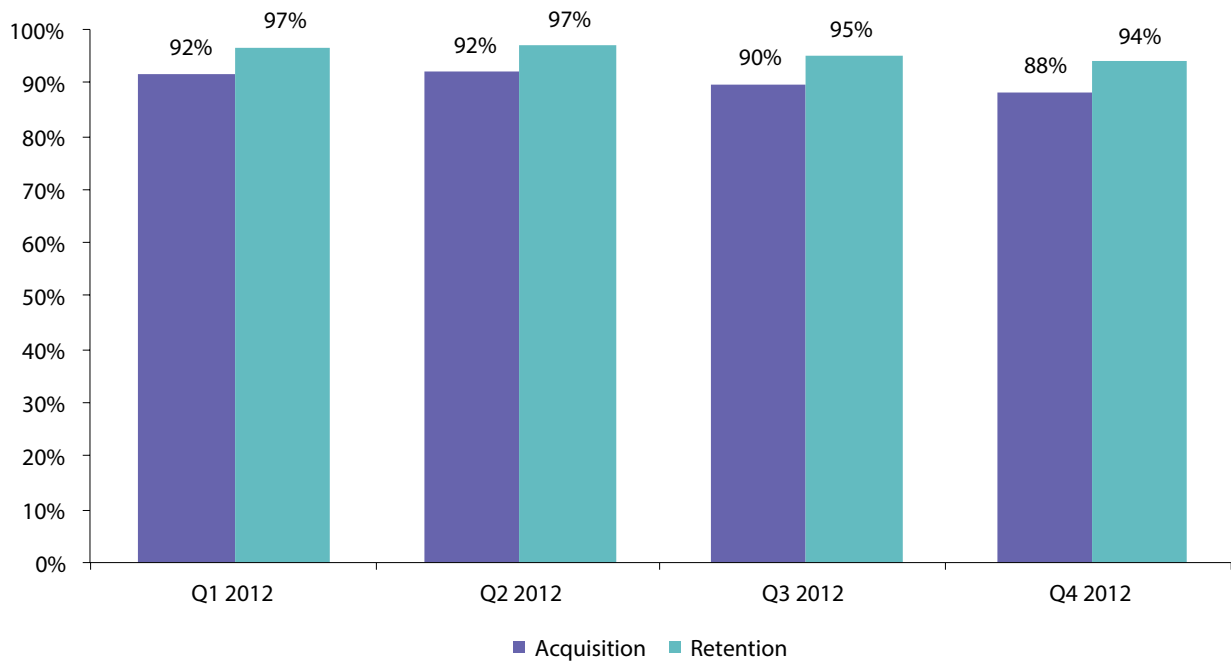
To what level do you track deliverability?

Legend: Q1 2012, Q2 2012, Q3 2012, Q4 2012
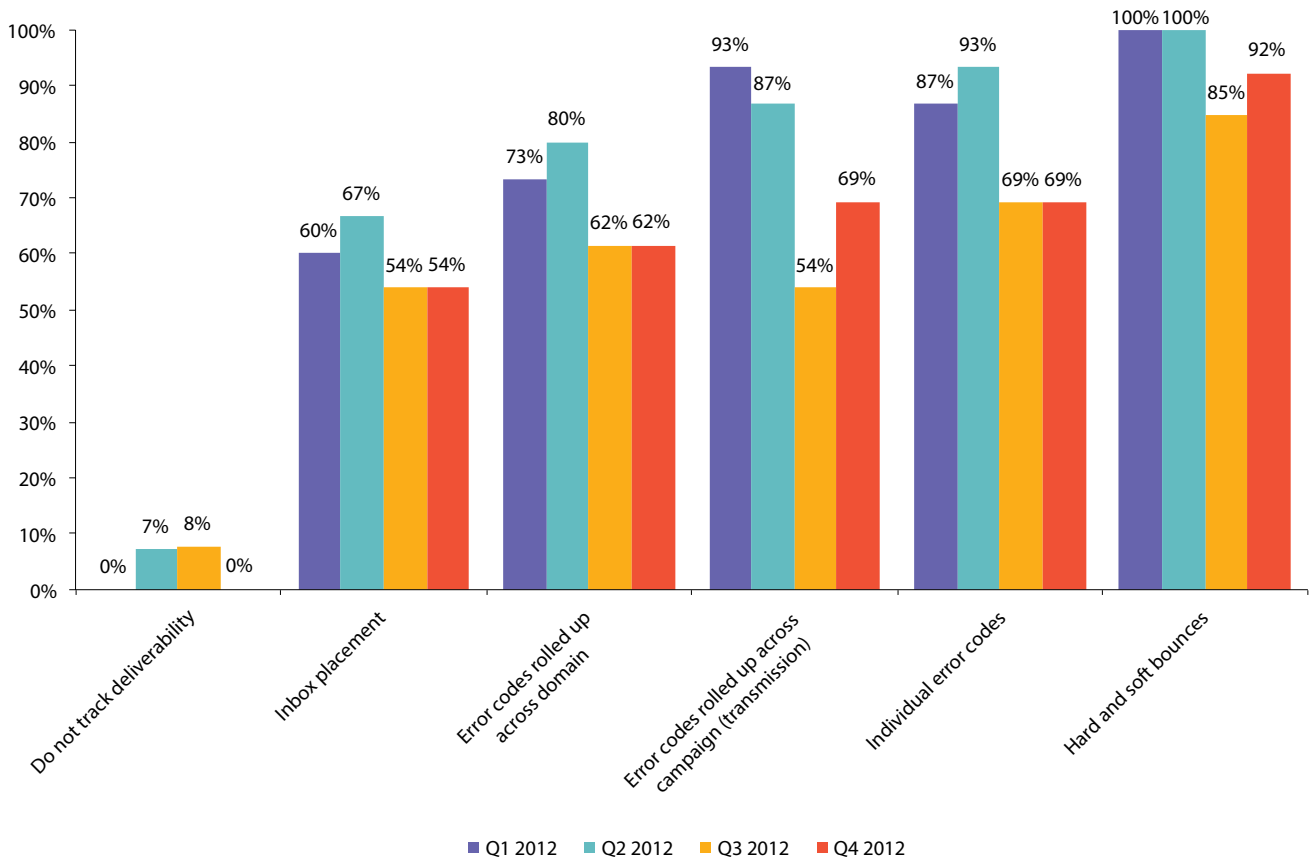
....
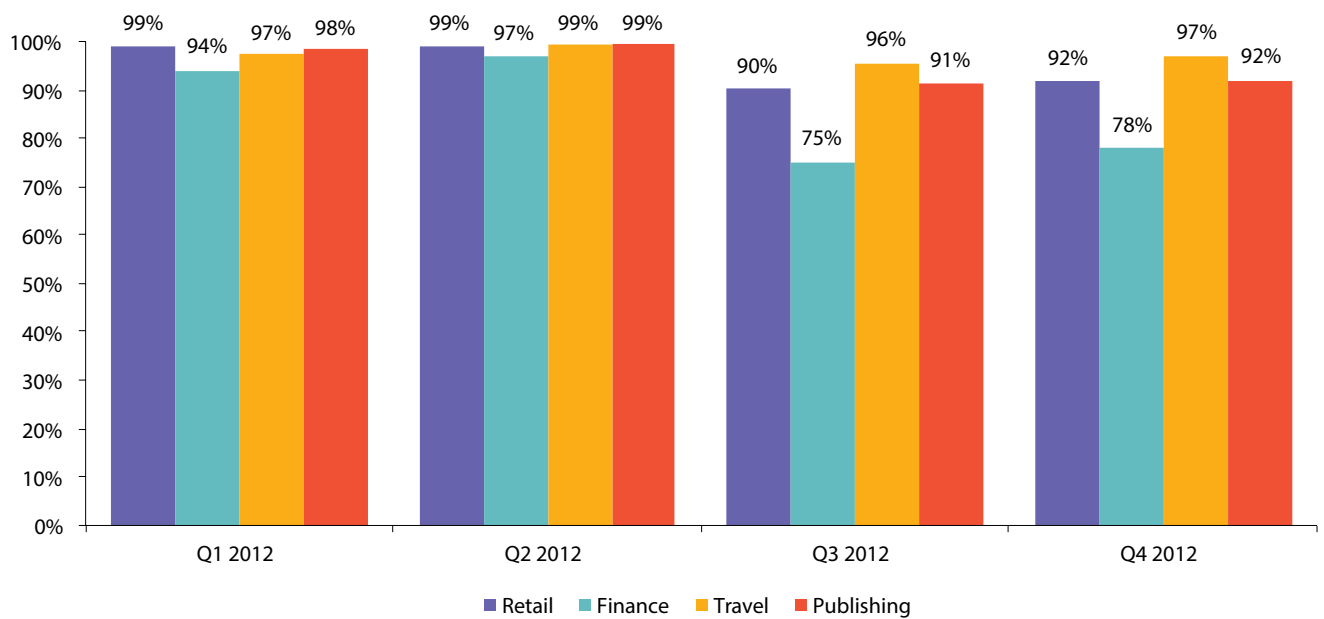33. MailChimp (2013) How Gmail's New Inbox Is Affecting Open Rate
34. SmartInsights (2013) New Gmail tabs – what email marketers need to know and do
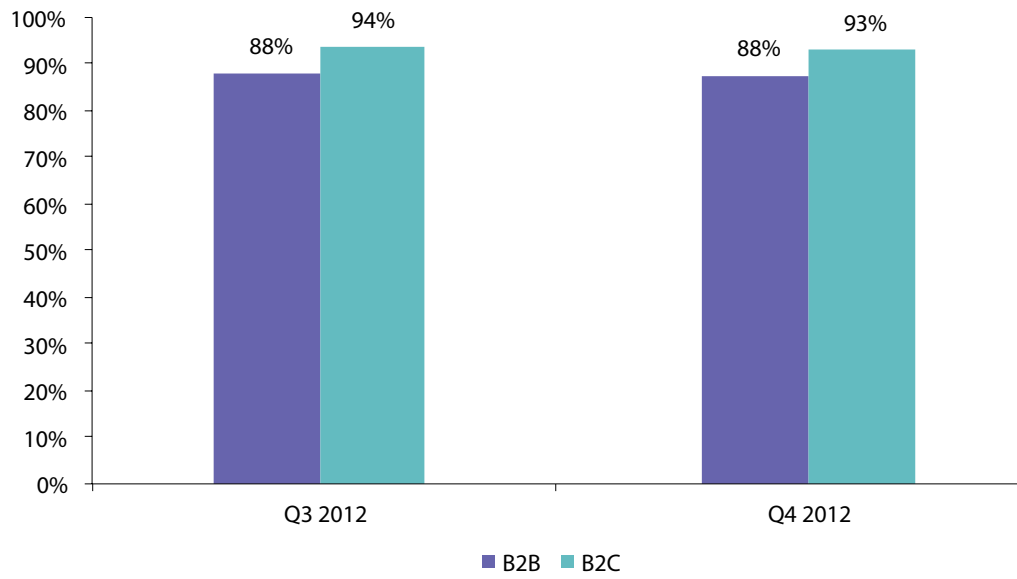
4.2 Delivery rates – data charts

Average delivery rate

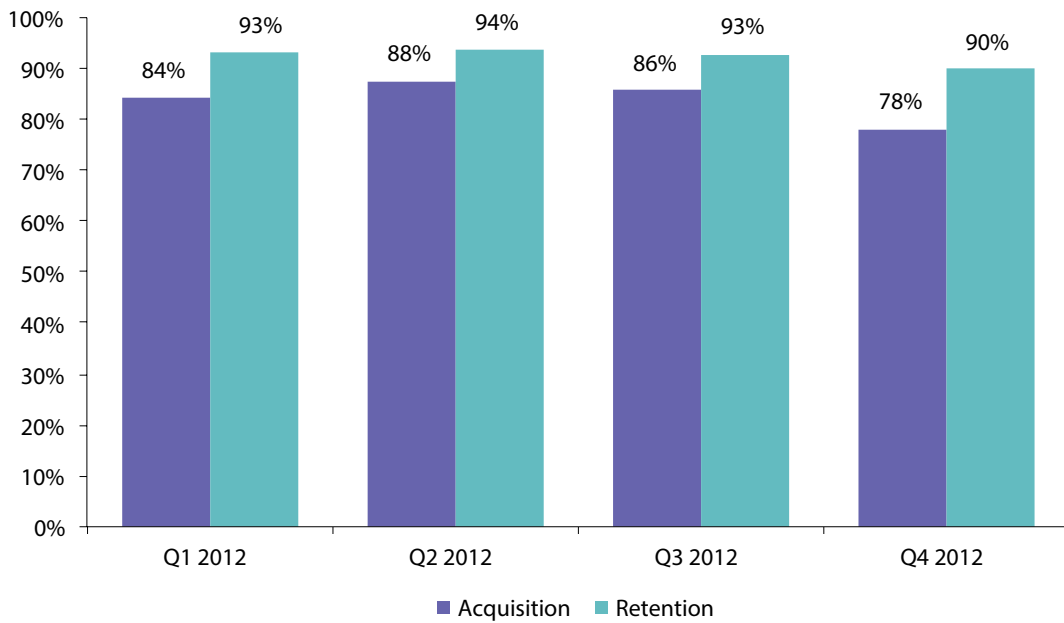**Average delivery rate (by sector, limited sample)**
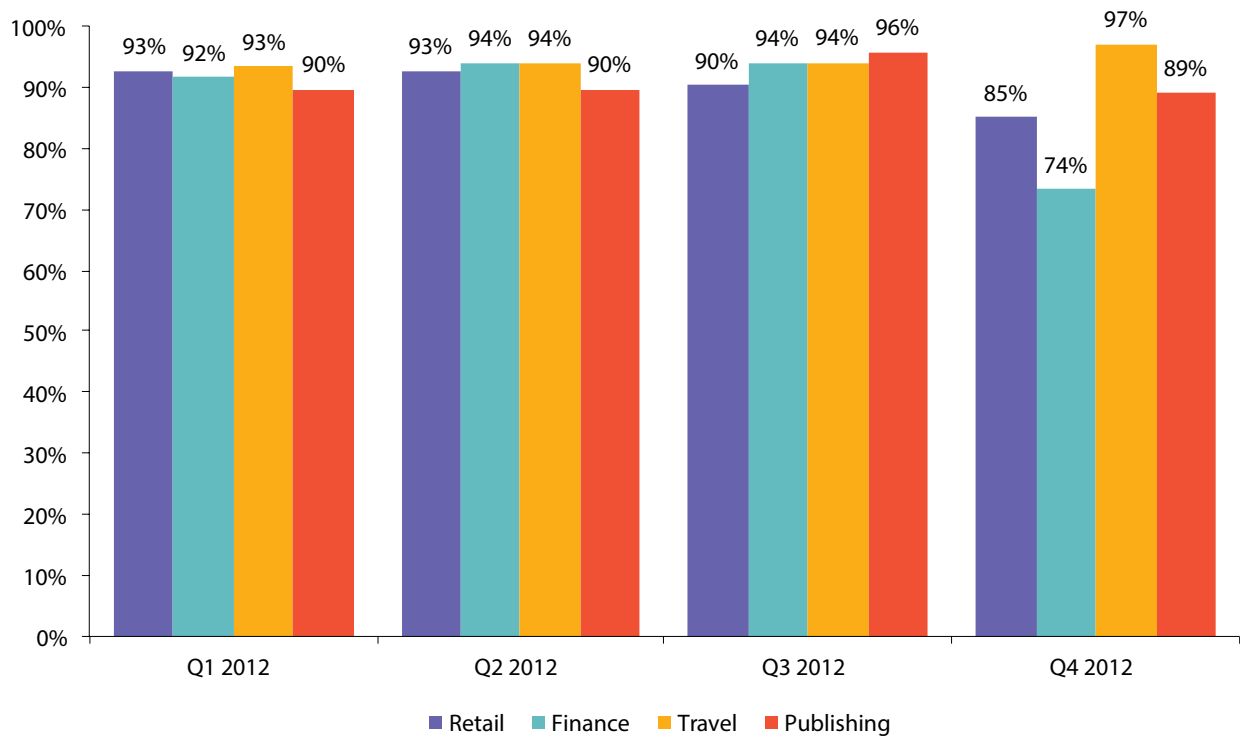
Average delivery rate (b2b/b2c, limited sample)
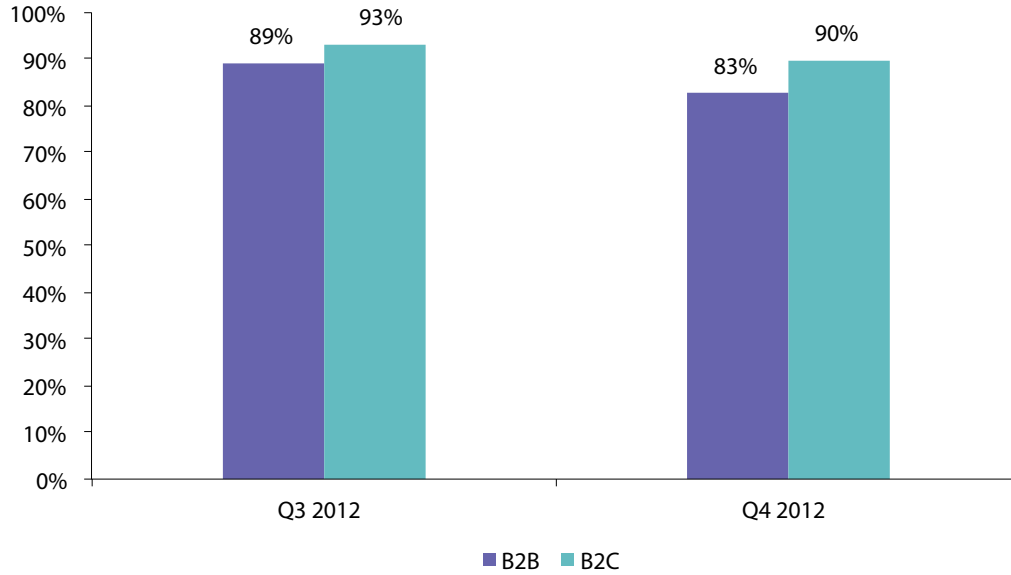

4.3 Inbox delivery rates – data charts

Average inbox delivery rate

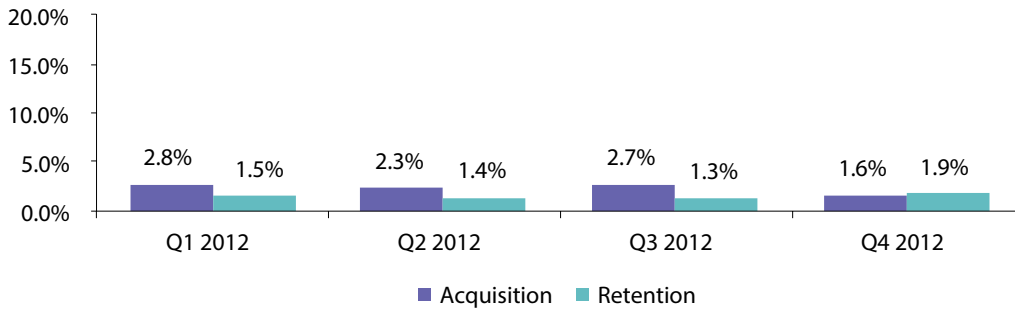**Average inbox delivery rate (by sector, limited sample)**

Retail ■ Finance ■ Travel ■ Publishing

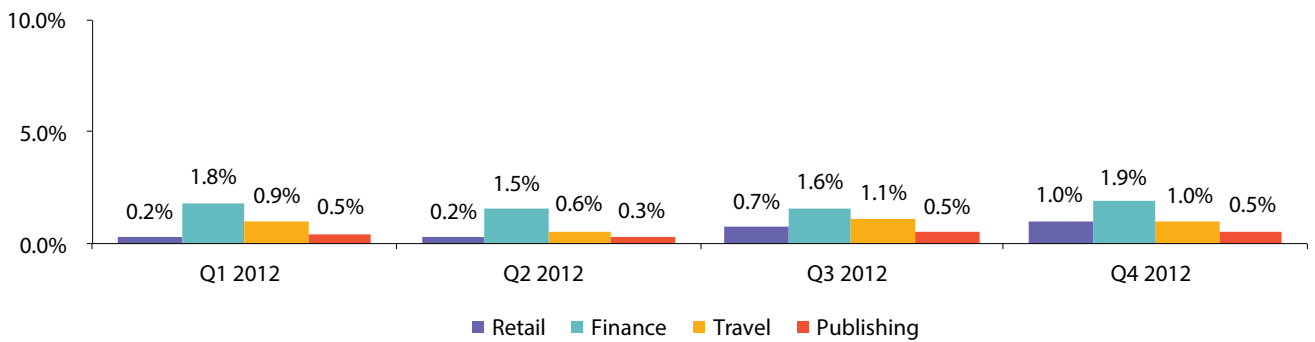**Average inbox delivery rate (b2b/B2C, limited sample)**

■ B2B ■ B2C

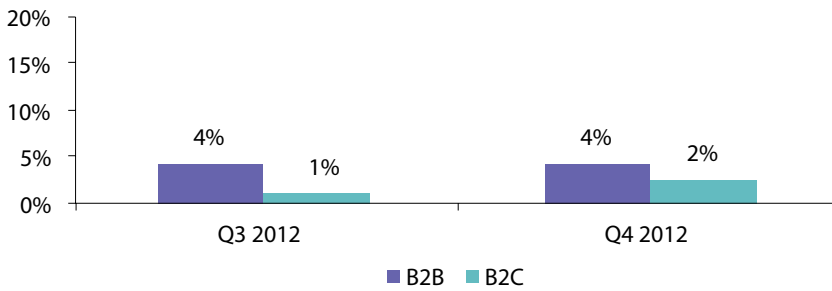## 4.4 Hard bounce rates – data charts

Average hard bounce rate

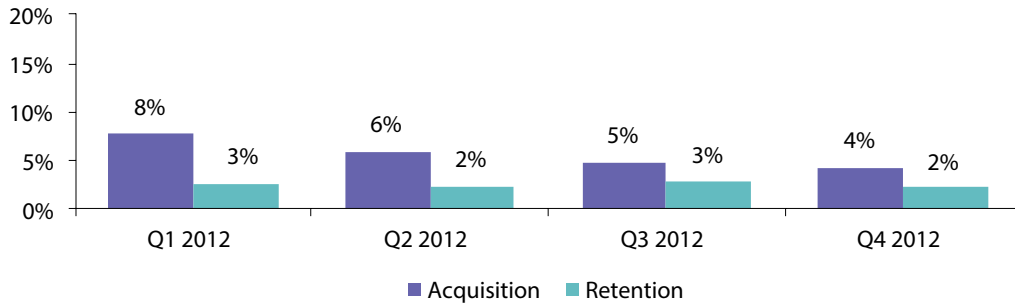**Average hard bounce rate (by sector, limited sample)**
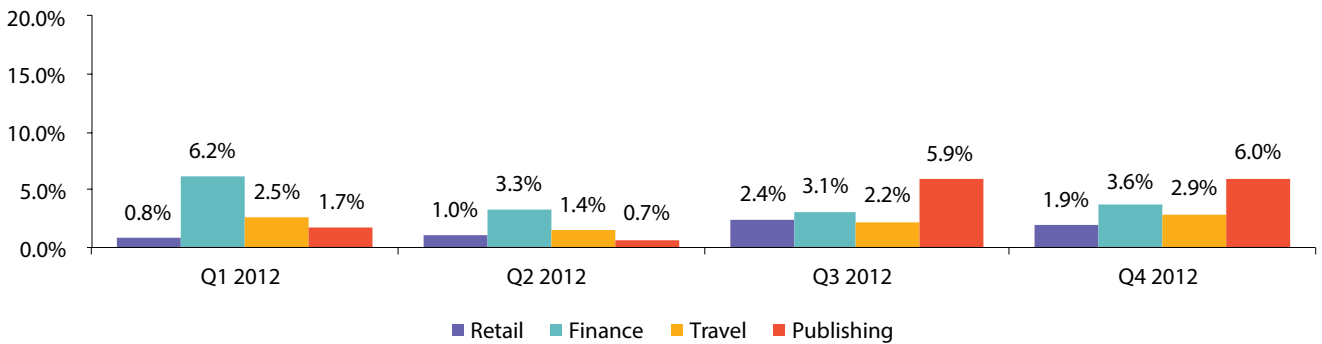

Average hard bounce rate (b2b/B2C, limited sample)
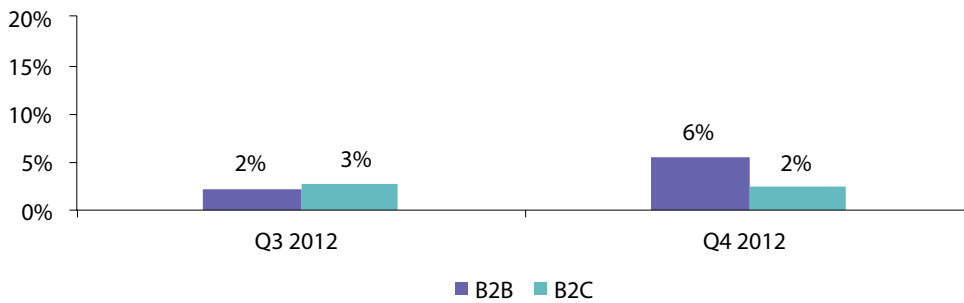
4.5 Failure rates – data charts

Average failure rate

Average failure rate (by sector, limited sample)
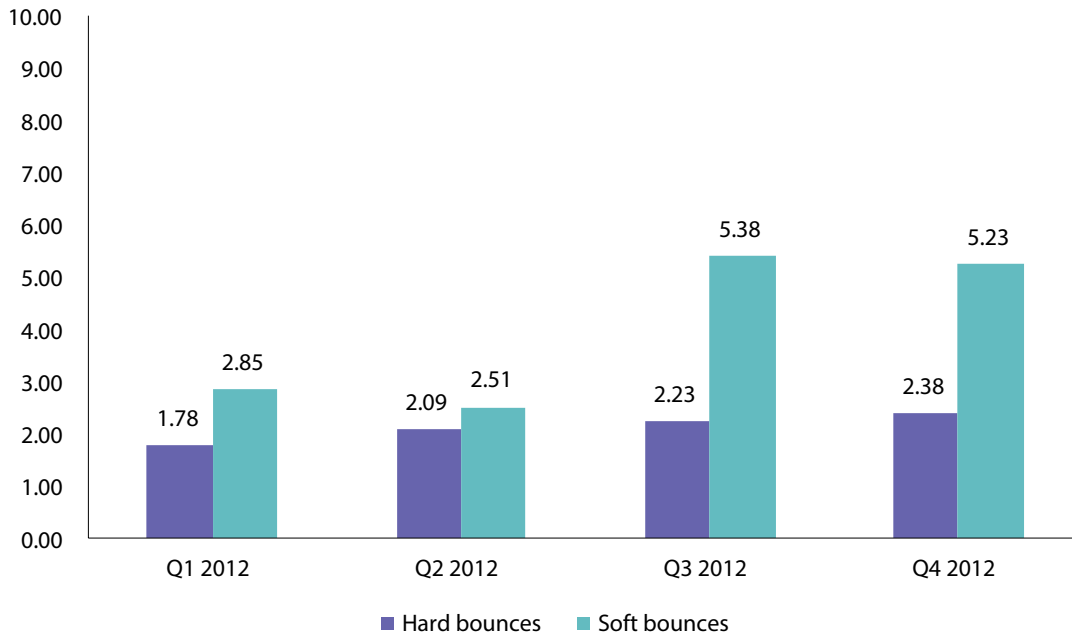

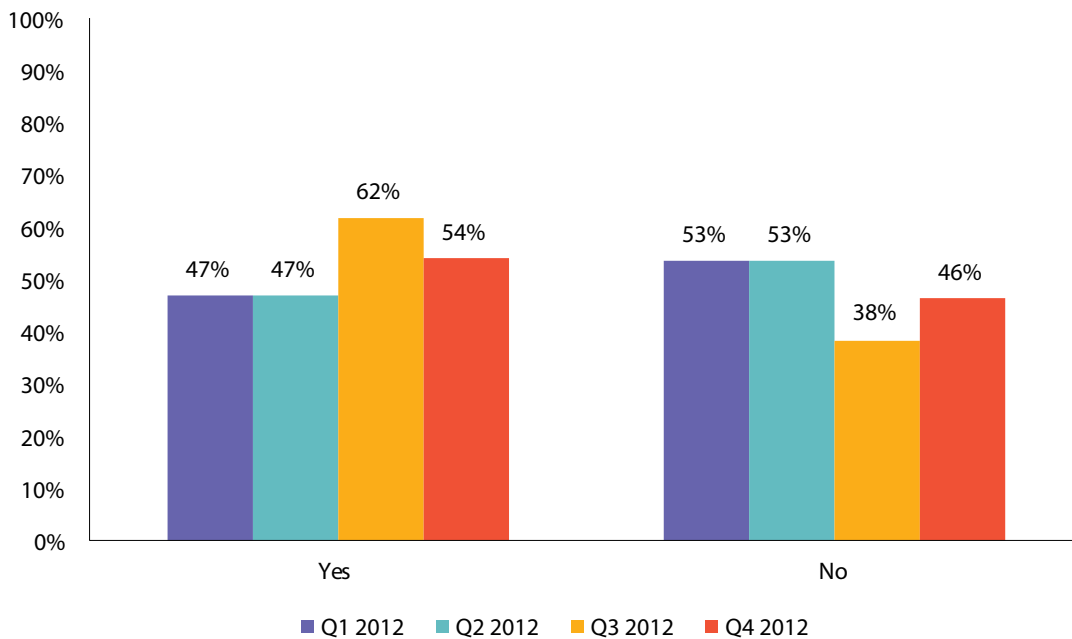**Average failure rate (b2b/B2C, limited sample)**

4.6 Default bounce thresholds – data charts

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

Do you distinguish between top-tier ISPs 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 - Data was collected quarterly for Q3 and Q4 2012. The sample size for this survey was 13 UK ESPs. We also collected data broken down by sector but not all ESPs could provide this information. 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.

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 the author

Mark Brownlow is an email copywriter, business writer, lecturer and the publisher of Email Marketing Reports, founded in 2001. He has written well over 3,000 articles and posts on email marketing topics. Mark's involvement with the industry stretches back to 1998, when he sent his first commercial e-newsletter. Catch him on Twitter and Google+.

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.

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.

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