



EPSILON®

Q4 2015 email trends and benchmarks

Executive summary

Through 2015 there were few changes in open rate by device type with more than 50% of consumers consistently opening emails on a mobile or tablet device. It's no longer about where and when consumers are interacting with email but how and why. Beyond a mobile-first and responsive design approach to the channel, the marketer's focus will be on driving response rates with highly engaging content, leveraging tactics like animation and social amplification.

Epsilon compiles and analyzes aggregated data from billions of client email campaigns, providing brands with best practices to evaluate their respective campaigns. This data will help assess your own marketing performance and improve strategies for consumer connections.

Please note this benchmark data should only be used as guidelines as specifics for each company will drive results.

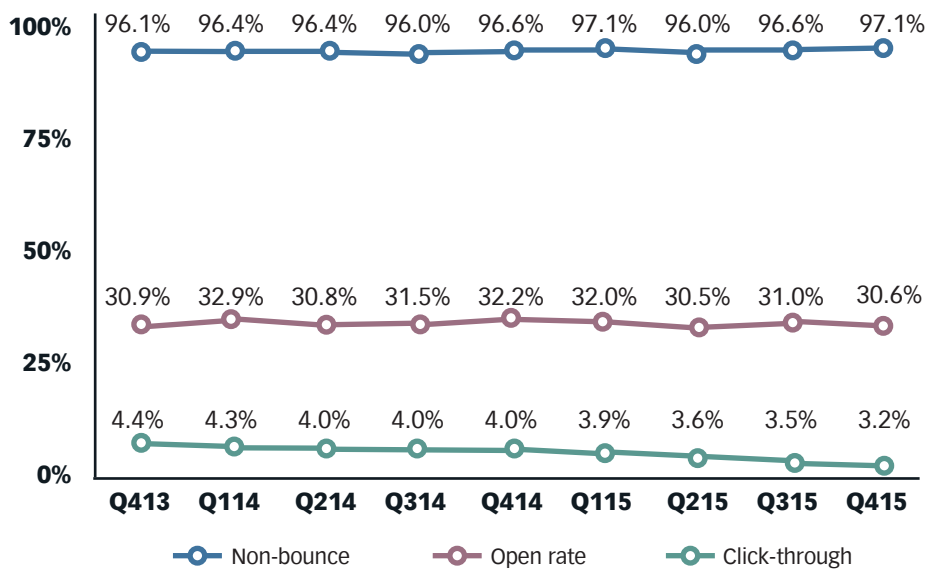
Business as usual email trends

The Q4 2015 email trends and benchmarks analyzed performance trends by industry and message type. These metrics offer insight into how the average company performed across multiple industry categories. This study was compiled from 11.0 billion emails sent in Q4 (Oct -Dec) 2015 across multiple industries and approximately 150 clients.

Q4 2015 overall performance

- Q4 2015 open rate of 30.6% was in line with Q3 2015 (31.0%) but slightly lower than last year (32.2%)
- Click rates at 3.2% showed strong performance in line with last quarter (3.5%) but slightly lower than last year (4.0%)
- Non-bounce rates saw little movement at 97.1% from Q3 2015 (96.6%) and are in line with last year (96.6 %)

Open rates continued to perform strongly



Industry performance

Open rates increased for the majority of the industries analyzed when compared to last year's metrics. Six industries analyzed saw open rates increase 5% or higher when compared to last year's metrics: Consumer Products CPG, Consumer and Business Publishing/Media, Retail Apparel, Retail General, Retail Specialty and Travel/Hospitality Travel Services.

Click-to-open rates saw a yearly decrease for the majority of industries, with no industries experiencing click-to-open rate increases of 5% or higher. This is due to a year-over-year increase in open rates for the majority of industries but a decrease in click rates. Industries that saw a slight increase in click-to-open rates included: Consumer Products Pharmaceutical, Financial Services CC/Banks and Financial Services General.

The highest open rates in Q4 2015 were in Financial Services/CC Banks (47.9%), Retail General (45.2%) and Financial Services General (36.8%).

The highest click rates were in Financial Services General (4.2%), Financial Services CC/Banks (3.8%) and Retail General (3.8%).

The highest click-to-open rates were in Consumer Products CPG (18.9%),

Industries analyzed

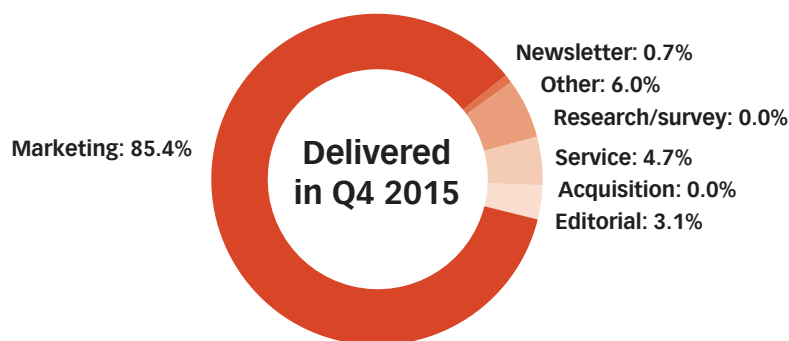
Q4 2015 North American industry	Non-bounce	Open rate	Click rate	Click to open rate (CTOR)
Business products and services general	94.9%	25.3%	1.9%	7.4%
Consumer products CPG	97.6%	19.7%	3.7%	18.9%
Consumer products pharmaceutical	95.0%	20.0%	3.0%	15.0%
Consumer publishing/media general	99.1%	18.1%	3.0%	16.4%
Consumer services general	97.1%	29.6%	3.0%	10.0%
Consumer services telecom	96.4%	21.1%	3.0%	14.0%
Financial services CC/banks	97.1%	47.9%	3.8%	8.0%
Financial services general	97.7%	36.8%	4.2%	11.4%
Retail apparel	92.5%	28.2%	2.3%	8.1%
Retail general	98.7%	45.2%	3.8%	8.4%
Retail specialty	98.0%	26.7%	3.2%	11.8%
Travel/hospitality travel services	96.4%	33.9%	2.3%	6.7%

Green or red text indicates an increase (green) or decrease (red) over last year's metrics that was over 5%

Campaign performance

The Q4 2015 email trends and benchmarks also analyzed the types of messages sent along with performance metrics. 85% of emails delivered through Epsilon in Q4 2015 were categorized as marketing messages, slightly higher than last quarter (83%).

Key metrics analyzed by message type



Key metrics analyzed by message type across industries

Message type	Open rate	Click rate	CTOR	% delivered in Q415
Acquisition	22.4%	0.9%	4.1%	0.0%
Editorial	22.7%	2.9%	13.0%	3.1%
Marketing	23.2%	2.1%	8.9%	85.4%
Newsletter	20.4%	2.6%	12.9%	0.7%
Other	56.2%	5.8%	10.3%	6.0%
Research/surveys	42.0%	6.3%	14.9%	0.0%
Service	63.5%	5.3%	8.3%	4.7%

Key metrics analyzed by message type across industries

Industry	Message type	Open rate	Click rate	CTOR	% of total delivered in industry
Business products and services general	Marketing	14.1%	1.1%	7.9%	73.7%
	Newsletter	11.8%	1.8%	14.9%	0.0%
	Other	19.8%	1.7%	8.7%	26.3%
Consumer products CPG	Marketing	16.6%	1.8%	10.9%	99.9%
	Newsletter	20.6%	4.6%	22.1%	0.0%
	Other	38.2%	4.4%	11.5%	0.0%
Consumer products pharmaceutical	Marketing	11.3%	1.6%	14.5%	93.8%
	Other	17.3%	3.1%	17.8%	6.2%
	Service	66.9%	0.9%	1.4%	0.0%

Key metrics analyzed by message type across industries (cont.)

Industry	Message type	Open rate	Click rate	CTOR	% of total delivered in industry
Business and Consumer publishing/ media	Acquisition	14.2%	0.9%	6.3%	0.2%
	Editorial	22.7%	3.0%	13.0%	35.6%
	Marketing	19.9%	1.3%	6.7%	57.8%
	Newsletter	15.2%	2.7%	17.5%	5.3%
	Other	18.9%	2.5%	13.1%	1.1%
	Research/surveys	24.2%	4.5%	18.5%	0.0%
	Service	56.8%	11.2%	19.7%	0.0%
Consumer services general	Marketing	19.6%	2.1%	10.5%	99.9%
	Other	33.5%	3.3%	9.9%	0.0%
	Service	60.7%	7.2%	11.9%	0.1%
Consumer services telecom	Marketing	24.8%	1.2%	4.7%	95.0%
	Service	70.4%	10.0%	14.2%	5.0%
Financial services cc/banks	Acquisition/welcome	39.3%	1.0%	2.5%	0.1%
	Marketing	45.2%	3.4%	7.6%	53.8%
	Newsletter	38.5%	2.5%	6.6%	0.0%
	Other	68.2%	7.7%	11.2%	20.4%
	Research/surveys	68.5%	8.9%	12.9%	0.0%
	Service	63.4%	4.9%	7.8%	25.7%
Financial services general	Marketing	33.0%	2.4%	7.4%	73.6%
	Newsletter	35.7%	3.7%	10.3%	0.1%
	Other	36.2%	0.9%	2.6%	4.3%
	Research/surveys	51.1%	2.9%	5.6%	0.0%
	Service	77.1%	13.7%	17.7%	22.0%
Retail apparel	Marketing	16.1%	2.0%	12.3%	94.1%
	Service	40.9%	2.5%	6.1%	5.9%
Retail general	Marketing	42.6%	9.8%	23.0%	34.4%
	Other	49.6%	4.0%	8.0%	64.9%
	Research/surveys	38.4%	5.9%	15.4%	0.5%
	Service	55.4%	1.7%	3.2%	0.2%
Retail specialty	Editorial	14.3%	2.3%	16.0%	0.1%
	Marketing	19.6%	1.8%	9.0%	99.1%
	Newsletter	29.6%	2.5%	8.6%	0.6%
	Other	34.3%	3.7%	10.8%	0.2%
	Service	49.0%	11.2%	22.9%	0.0%
Travel/hospitality travel services	Marketing	26.4%	2.2%	8.2%	100.0%
	Service	73.9%	6.4%	8.6%	0.0%

Message types are based on emails deployed out of the DREAM or Harmony platforms and defined by the person(s) creating the campaigns which may not reflect the same definitions as your company.

Triggered email trends

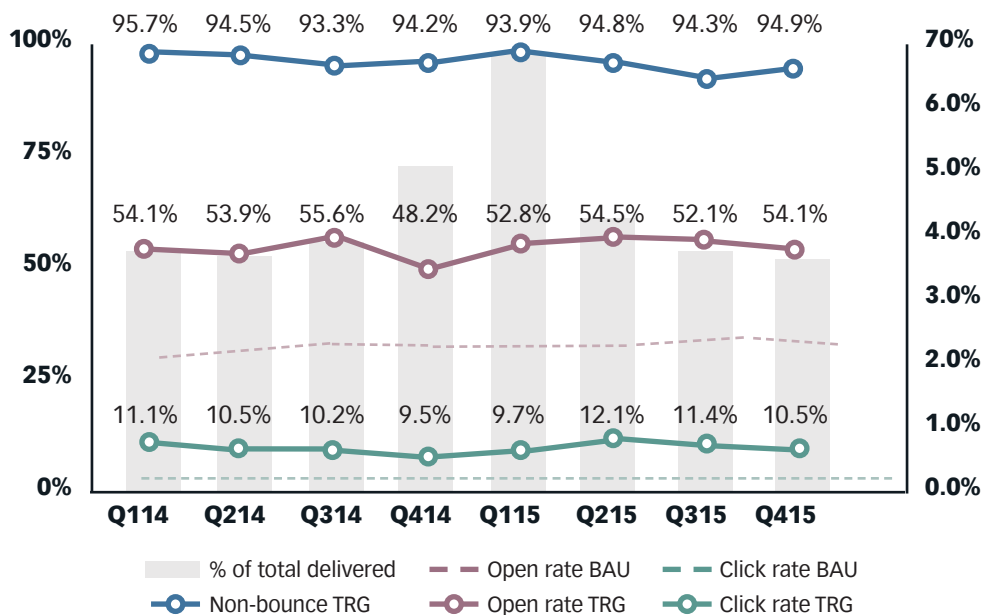
Epsilon's triggered email metrics are compiled from approximately 3.5 billion triggered emails sent from October 2013 to December 2015 across multiple industries. These messages were sent as the result of a consumer action, such as welcome, thank you, abandon shopping cart or confirmation. These metrics also highlight significant differences between triggered email performance and Business as Usual (BAU) email performance.

Because of the lower volumes being reported on, we expect to see quarterly fluctuation as clients target and market to their customers and consumers in different ways throughout the year.

Overall performance

- Triggered messages accounted for 3.5% of total email volume in Q4 2015, 32.2% lower than Q4 2014 (5.2%).
- Non-bounce rates continued to drive strong results, only 2.2% lower than BAU.
- Triggered open rates were 76.7% higher than BAU in Q4 2015. This is higher than the Q4 2014 lift of 46.9% over BAU.
- Triggered click rates continued to perform well, reporting 226.9% higher than BAU. Q4 2014 triggered click rates showed a 138.8% lift over BAU.

Activity rates for triggered messages consistently higher than BAU



Triggered email by industry

The highest open rates for triggered messages were in Consumer Services Telecom (67.9%), Financial Services General (66.2%) and Financial Services CC/Banks (65.5%). The highest triggered email click rates were reported in Retail Apparel (21.5%), Consumer Publishing/Media General (19.1%) and Retail Specialty (16.9%).

Triggered emails tend to have higher open and click rates as they are deployed based on a consumer action. The categories with the most notable difference in triggered open rates compared to BAU open rates were in Consumer Services Telecom (196.5%), Consumer Publishing/Media General (178.6%) and Consumer Products CPG (178.4%). The most notable click rate difference between triggered and BAU messages were reported in Consumer Publishing/Media General (+619.9%), Retail Apparel (-607.8%) and Retail Specialty (+439.6%)

Industry	Non-bounce	BAU non-bounce difference	Open rate	BAU open rate difference	Click rate	BAU click rate difference
Business products and services general	97.1%	2.2%	45.6%	80.4%	4.7%	150.4%
Consumer products CPG	95.6%	-2.1%	45.4%	131.0%	14.9%	299.6%
Consumer products pharmaceutical	93.2%	-1.9%	63.2%	216.2%	12.6%	318.6%
Consumer publishing/media general	97.6%	-1.5%	43.8%	142.7%	11.6%	294.1%
Consumer services general	93.8%	-3.4%	49.3%	66.4%	14.1%	376.0%
Consumer services telecom	91.3%	-5.3%	56.6%	168.7%	7.2%	142.8%
Financial services cc/banks	95.3%	-1.9%	67.5%	40.8%	6.4%	66.4%
Financial services general	97.0%	-0.7%	73.9%	101.0%	8.7%	108.4%
Retail apparel	92.3%	-0.2%	41.4%	46.5%	12.4%	444.7%
Retail general	95.5%	-3.2%	55.2%	22.1%	8.5%	123.6%
Retail specialty	97.4%	-0.6%	50.8%	90.3%	20.3%	542.9%
Travel/hospitality travel services	92.6%	-3.9%	57.3%	68.8%	9.7%	326.0%

Email activity segmentation evaluation trends

Epsilon's Email Activity Segmentation Evaluation (EASE) analysis included behavioral segments and the overall performance of an average email file across industry categories to identify file level trends.

These metrics were compiled from over 622 million non-bounced out and opted-in email addresses. These addresses were contracted from January 1, 2015 through December 31, 2015 across multiple industries and from approximately 170 clients.

The analysis divided the email file into two categories New and Mature. New represents addresses that have been on a marketer's file for less than three months. Mature are those addresses that have been on a marketer's file for more than three months. Each category is then further segmented based on email activity.

The New segment is broken into two categories:

- **Rising Stars:** Subscribers who have both opened and/or clicked within the most recent three months
- **Question Marks:** Subscribers who have been inactive for the previous three months

The Mature segment is broken into three categories:

- **Superstars:** Subscribers who have opened and/or clicked within the most recent three months
- **Nappers:** Subscribers who have opened and/or clicked emails more than three months ago
- **Dormants:** Subscribers who have been inactive for the past 12 months

Rising Stars, Superstar and Nappers are considered active segments. Question Marks and Dormants are considered inactive segments.

Overall performance

Email is an effective channel to reach your subscribers:

- Half of an average email list has at least one open or click in the 12 month period (January 1, 2015 – December 31, 2015)
- Approximately 17% of mature subscribers in an average list have opened or clicked in the most recent 3 months

Engaging new subscribers from an early stage is critical:

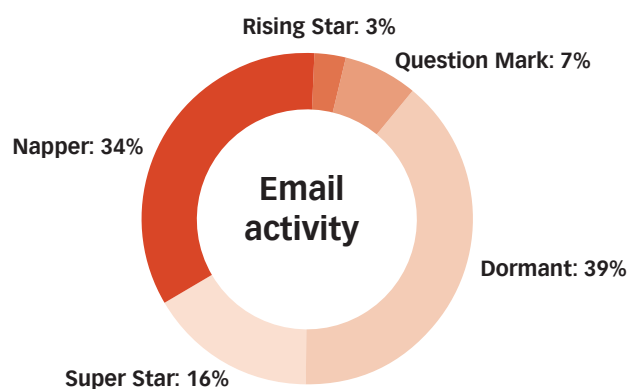
- Two-thirds (68%) of new subscribers in an average list have no opens or clicks
- Throughout 2015, Retail Apparel did the best job of engaging their new subscribers, followed by Financial Services CC/Banks

Maintaining the loyalty of your mature email subscribers should be a focus:

- In Q4 2015, 89% of a marketer's email list had been on file for over 3 months

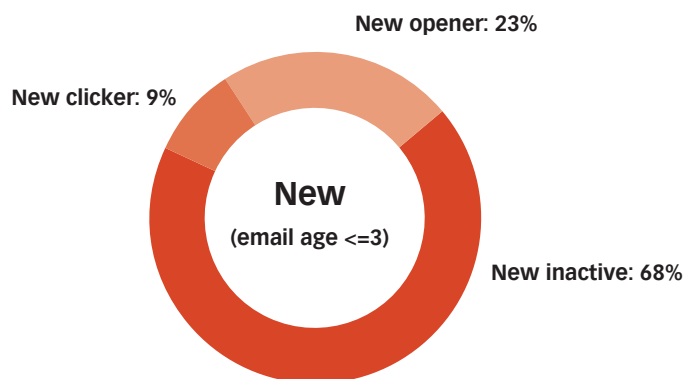
Email activity segmentation evaluation trends

In Q4 2015, 54% of an average email file is active. 11% of an email file is new; this is an annual decrease from 14% in Q4 2014.



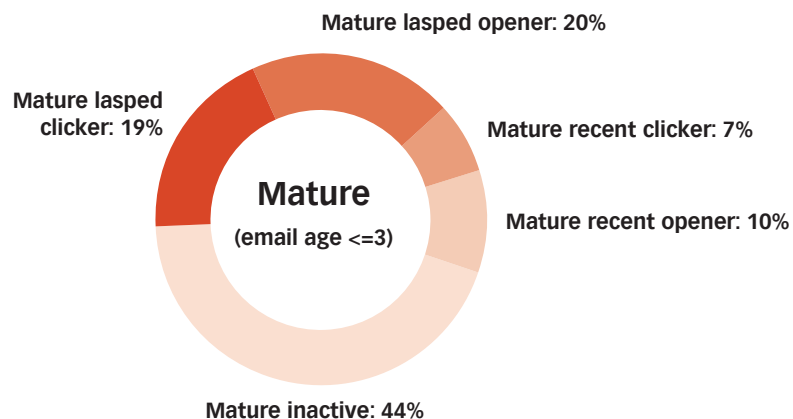
New subscriber behavior

32% of new subscribers are active once they opt-in to an email program (down from 34% in Q4 2014). 68% of new subscribers are unengaged with marketers' email programs; this is up 2% from last year.



Mature subscriber behavior

56% of mature subscribers have had activity in the past 12 months, while 18% of mature subscribers have recently engaged with an email program.



Industry performance

The retail apparel industry had the highest amount of engaged subscribers in Q4 2015 with 27% being categorized as Super Stars. Retail apparel also did the best job of onboarding new customers through Q4 2015 with 8% of subscribers being categorized as Rising Stars.

Industry	Super Star	Napper	Dormant	Rising Star	Question Mark
Retail apparel	27%	27%	32%	8%	5%
Financial services cc/banks	25%	43%	23%	4%	5%
Consumer publishing/media general	24%	28%	42%	3%	4%
Retail specialty	23%	36%	37%	2%	2%
Retail general	21%	56%	16%	4%	4%
Consumer services telecom	20%	25%	48%	3%	5%
Financial services general	19%	39%	31%	4%	8%
Travel/hospitality	16%	41%	35%	4%	5%
Business products and services general	13%	41%	35%	3%	7%
Consumer services general	12%	35%	36%	3%	14%
Consumer products	11%	42%	42%	3%	3%
Consumer products pharmaceutical	7%	20%	55%	4%	15%
Overall	16%	34%	39%	3%	7%

Conclusion

In 2015 we saw email marketers refine their mobile-first approaches to ensure consistency of experience and message across channels. Today, it is all about creating experiences in the inbox – like integrating animation and interactive content – to engage new subscribers early and leverage the channel to drive loyalty. Email was once a static channel used to push subscribers to the web or in-store but now the email channel has a very important role to play as part of your overall customer experience. Creating interactivity in the inbox will help you drive response rates and further prove the ROI of the email channel.

Methodology

The performance metrics examined averages across all companies within the stated categories. The averages listed are unweighted and do not reflect mail volumes by any one company. This is done to provide a measure of average company performance in the category, removing the effect that large mailers can have on category averages. Unless otherwise stated, all results are aggregated.

Metrics used in this report are defined as follows:

- *Open Rate: Total opens/Emails delivered*
 - *Click-through Rate: Total clicks/Emails delivered*
 - *CTOR (Click to Open Rate): Total clicks/Total opens*
 - *Bounce Rate: (Bounce and/or Undelivered)/Emails sent*
 - *Non-Bounce Rate: 1 – bounce back rate. Calculation does not include ISP or inbox filtering*
- Industry categories used in the report are defined as follows:*
- *Editorial: Content consists primarily of articles, critiques, commentary, news, or opinions*
 - *Legal: Content contains legal information or notification for clients, e.g. product recall notice*
 - *Marketing: Content contains merchandise information and incentives for purchasing*
 - *Other: Contains content that does not fit other categories*
 - *Research/Surveys: Research functions to conduct research on subscribers, e.g. the template contains a survey*
 - *Service: Provide subscriber-requested information, such as banking statements*

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