



EPSILON®

Q4 2014 email trends and benchmarks

Executive summary

Consumers are making decisions in real-time and on-the-go. With the increase usage of mobile devices, email continues to be an effective way to engage with consumers and influence their path to purchase. While consumer behaviors are changing and becoming more complex, the tools, technology and data are now available for marketers to truly understand their customers. Marketers must think about the experience they are providing and deliver messages that meet consumer needs across channels.

To deliver more relevant messages marketers are adopting tactics like adaptive content, timing metrics and social data integration; and marketers continue to leverage triggered emails, which take into account information based on specific action or interaction. As you review our benchmark report keep in mind the impact and results of triggered emails.

Epsilon compiles and analyzes aggregated data from billions of emails to provide brands with email benchmarks to evaluate their respective campaigns. We hope this data will allow you to assess your performance and help improve your email strategy moving forward. Please note, this benchmark data should only be used as guidelines as specifics for each company will drive results.

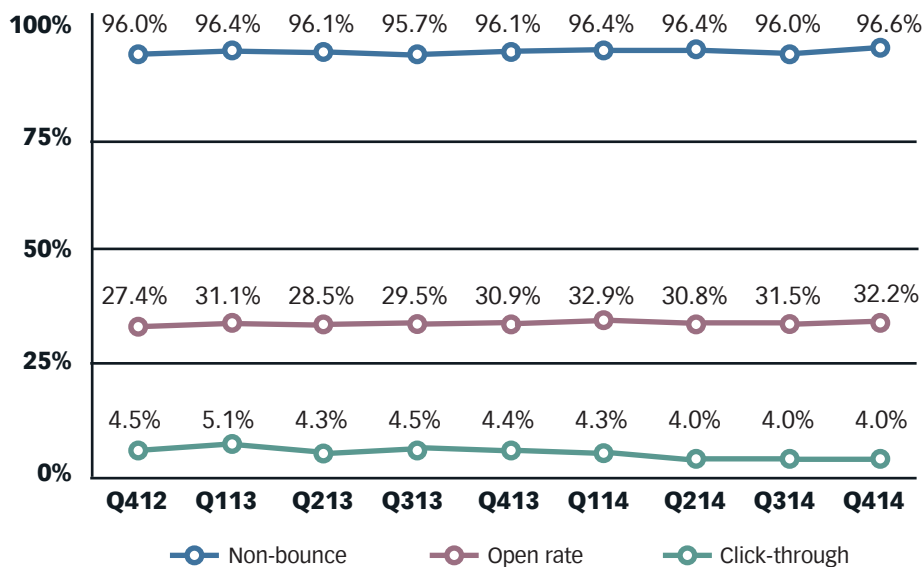
Business as usual email trends

The *Q4 2014 email trends and benchmarks* analyzed performance trends by industry and message type. These metrics offer insight into how the average company performed across 13 industry categories. This study was compiled from 12.2 billion emails sent in Q4 (October-December) 2014 across more than 140 clients.

Q4 2014 overall performance

- Open rates increased slightly from 31.5% in Q3 2014 to 32.2% in Q4 2014, and are up 4.4% over last year (Q4 2013).
- Click rates remained constant at 4.0% from Q2 2014 through Q4 2014 but declined modestly year over year from 4.4% in Q4 2013.
- Non-bounce rates remained steady at 96.6%

Open rates continued to perform strongly



Industry performance

Open rates increased for the majority of the 13 industries analyzed when compared to last year's metrics: Business Publishing/Media General, Consumer Services General, Consumer Services Telecom, Financial Services CC/Banks and Retail/Apparel all had an open rate increase of 5% or higher when compared to last year's metrics.

Five of the industries analyzed had a click rate increase of 5% or higher: Business Products and Services General, Business Publishing/Media General, Consumer Products Pharmaceutical, Consumer Services Telecom and Retail Specialty.

Five experienced a click-to-open rate increase that was 5% or higher: Business Products and Services General, Business Publishing/Media General, Consumer Products Pharmaceutical, Consumer Services Telecom and Retail Specialty.

The highest open rates in Q4 2014 were in Financial Services/CC Banks (47.9%), Retail General (40.1%) and Financial Services General (35.7%).

The highest click rates were in Business Publishing/Media General (7.1%), Consumer Publishing/Media General (5.5%) and Business Products and Services General and Consumer Products Pharmaceutical (4.6%).

The highest click-to-open rates were in Business Publishing/Media General (28.6%), Consumer Publishing/Media General (21.6%) and Consumer Products CPG (20.9%).

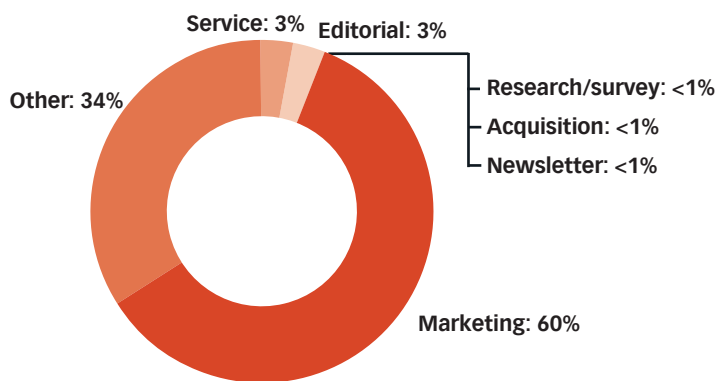
Industries analyzed

Q4 2014 North American industry	Non-bounce	Open rate	Click rate	Click to open rate
Business Products and Services General	96.5%	25.5%	4.6%	18.0%
Business Publishing/Media General	97.7%	24.9%	7.1%	28.6%
Consumer Products CPG	98.6%	16.7%	3.5%	20.9%
Consumer Products Pharmaceutical	93.1%	29.8%	4.6%	15.3%
Consumer Publishing/Media General	97.7%	25.1%	5.5%	21.6%
Consumer Services General	95.6%	30.3%	4.0%	13.3%
Consumer Services Telecom	96.3%	22.6%	3.4%	15.1%
Financial Services CC/Banks	97.4%	47.9%	4.0%	8.3%
Financial Services General	96.1%	35.7%	4.1%	11.4%
Retail Apparel	96.3%	24.9%	3.4%	13.7%
Retail General	96.7%	40.1%	3.6%	8.9%
Retail Specialty	97.2%	24.0%	3.6%	15.1%
Travel/Hospitality Travel Services	97.2%	28.5%	2.8%	9.7%

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

Campaign performance

The Q4 2014 email trends and benchmarks also analyzed the types of messages sent along with performance metrics. Similar to Q3 2014 (59%), 60% of emails delivered by Epsilon in Q4 2014 were categorized as marketing messages.



Key metrics analyzed by message type

Message type	Open rate	Click rate	CTOR	% delivered in Q414
Acquisition	31.2%	1.2%	3.7%	0.01%
Editorial	19.2%	3.1%	16.1%	2.74%
Marketing	22.2%	2.6%	11.5%	60.12%
Newsletter	21.2%	2.8%	13.2%	0.45%
Other	15.7%	2.3%	14.9%	33.55%
Research/surveys	17.3%	2.0%	11.5%	0.06%
Service	59.3%	6.8%	11.5%	3.07%

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

Key metrics analyzed by message type across industries

Industry	Message type	Open rate	Click rate	CTOR	% delivered in Q414
Business products and services	Marketing	15.2%	1.3%	8.8%	75.3%
	Other	18.8%	2.0%	10.7%	23.6%
	Research/survey	6.6%	0.4%	6.5%	1.2%
Business publishing/media	Editorial	28.8%	4.6%	15.8%	95.9%
	Other	10.1%	0.3%	3.0%	0.3%
	Service	27.2%	2.0%	7.3%	3.8%
Consumer products CPG	Marketing	13.3%	2.0%	15.0%	100.0%
	Other	48.4%	6.6%	13.7%	0.0%
Consumer products pharmaceutical	Marketing	11.3%	1.5%	13.3%	97.7%
	Newsletter	9.5%	0.3%	2.7%	0.1%
	Other	9.4%	1.7%	18.2%	2.2%
	Service	46.9%	3.4%	7.2%	0.0%

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

Industry	Message type	Open rate	Click rate	CTOR	% delivered in Q414
Consumer publishing/ media	Acquisition	15.9%	1.6%	10.1%	0.0%
	Editorial	16.9%	2.7%	16.2%	42.0%
	Marketing	19.2%	1.8%	9.5%	55.0%
	Newsletter	9.9%	1.6%	16.4%	1.6%
	Other	19.8%	3.3%	16.5%	1.1%
	Research/survey	9.7%	1.0%	10.7%	0.4%
	Service	75.7%	26.1%	34.5%	0.0%
Consumer services general	Marketing	19.6%	3.0%	15.3%	100.0%
	Other	54.7%	5.2%	9.5%	0.0%
	Research/survey	38.1%	14.3%	37.5%	0.0%
Consumer services telecom	Marketing	23.5%	1.5%	6.5%	88.5%
	Other	16.9%	0.4%	2.2%	2.6%
	Service	52.4%	8.8%	16.8%	8.9%
Financial services cc/banks	Acquisition	34.0%	1.0%	2.9%	0.1%
	Marketing	48.5%	4.2%	8.6%	57.2%
	Newsletter	39.3%	4.5%	11.4%	0.1%
	Other	60.1%	7.0%	11.6%	18.5%
	Research/survey	63.2%	10.0%	15.8%	0.0%
	Service	59.8%	6.6%	11.1%	24.3%
Financial services general	Marketing	30.0%	1.8%	6.0%	85.8%
	Other	37.3%	3.8%	10.1%	1.2%
	Service	73.9%	13.7%	18.6%	13.0%
Retail apparel	Service	40.2%	2.5%	6.3%	100.0%
Retail general	Acquisition	63.6%	2.4%	3.7%	0.0%
	Marketing	26.2%	5.8%	22.0%	16.9%
	Other	12.6%	2.0%	16.0%	83.1%
	Research/survey	50.0%	6.7%	13.4%	0.0%
	Service	63.3%	2.8%	4.4%	0.0%
Retail specialty	Editorial	23.1%	4.0%	17.3%	0.2%
	Marketing	17.4%	1.6%	9.4%	98.0%
	Newsletter	23.5%	3.1%	13.0%	1.4%
	Other	30.1%	3.4%	11.4%	0.2%
	Research/survey	41.6%	5.0%	11.9%	0.0%
	Service	52.6%	4.8%	9.1%	0.0%
Travel/hospitality travel services	Marketing	21.2%	2.2%	10.3%	100.0%
	Service	88.0%	8.5%	9.6%	0.0%

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

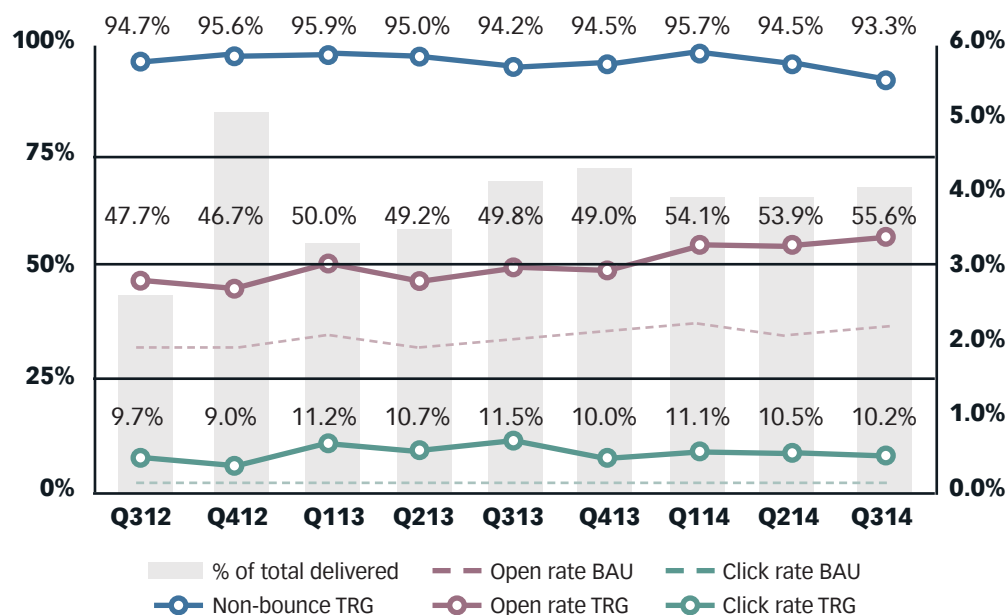
Triggered email trends

Epsilon's triggered email metrics are compiled from approximately 640 million triggered emails sent from October 2014 to December 2014 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.

Overall performance

- Triggered messages accounted for 4.1% of total email volume in Q4 2014, 15.3% higher than Q4 2013 (3.5%)
- Non-bounce rates continued to drive strong results, only 2.4% lower than BAU.
- Triggered open rates were 49.6% higher than BAU in Q4 2014, a decrease over the Q4 2013 lift of 58.5% over BAU.
- Triggered click rates continued to perform well, reporting 135.8% higher than BAU. This is in line with Q4 2013 when triggered click rates had a 127.7% lift over BAU.

Open rates continued to perform strongly



Q4 2014	Triggered	Business as usual	% delivered in Q314
% delivered in quarter	3.9%	96.1%	
Non-bounce	93.3%	96.0%	-2.8%
Open	55.6%	31.5%	76.7%
Click	10.2%	4.0%	151.9%

Triggered email by industry

The highest open rates for triggered messages were in Financial Services General (66.1%), Financial Services Credit Cards and Banks (55.8%) and Pharmaceutical (55.5%). The highest triggered email click rates were reported in Retail Apparel (12.5%), Consumer Publishing (12.4%) and Pharmaceutical (12.1%). 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 Products CPG (+167.9%), Retail Specialty (+110.7%) and Consumer Publishing (+87.8%). The most notable click rate difference between triggered and BAU messages were reported in Retail Apparel (+266.7%), Travel and Hospitality (+209.8%) and Consumer Services Telecom (+166.6%).

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 686 million non-bounced out and opted-in email addresses. These addresses were contracted from January 1, 2014 to December 31, 2014 across multiple industries and from approximately 100 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. Matures 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 on an email
- **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, Superstars and Nappers are considered active segments. Question Marks and Dormants are considered inactive segments.

Overall performance

Email continues to be 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
- Approximately 16% of mature subscribers in an average list have opened or clicked in the most recent three months

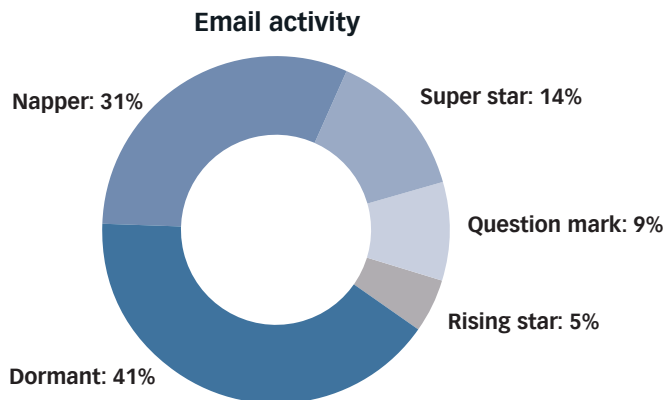
Engaging new subscribers from an early stage is critical

- Two thirds of new subscribers in an average list have no opens or clicks
- Throughout 2014, Retail Apparel did the best job of engaging new subscribers, followed closely by retail specialty

Focus on maintaining the loyalty of your mature email subscribers

- In Q4 2014, 86% of a marketer's email list had been on file for more than three months

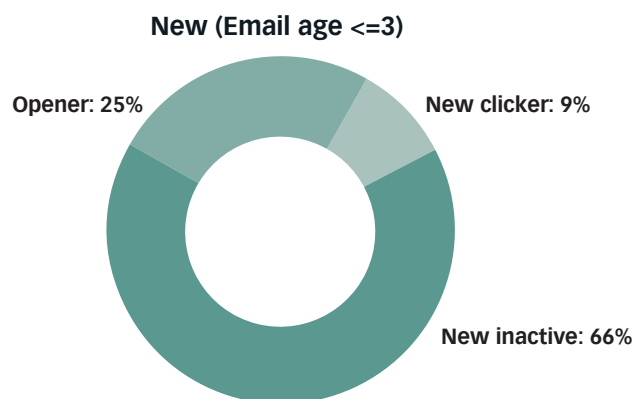
Percentage of segments in the average email file



In Q4 2014, 50% of an average email file was active. In the chart above active segments are represented by SuperStar (14%), Nappers (31%) and Rising Stars (5%). This is consistent with the previous year's metrics (Q4 2013) when 51% of the average email file was active.

From the EASE analysis 14% of an email file was new in Q4 2014 an annual increase from 12% in Q4 2013.

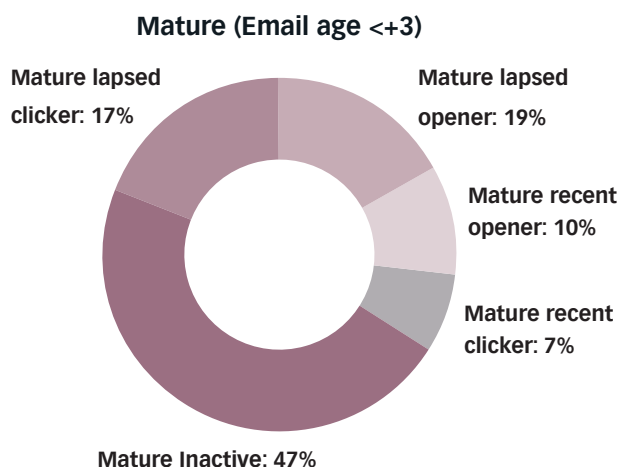
New subscriber behavior



In Q4 2014, 34% of subscribers were active after their initial opt-in to an email program (New Clickers and New Openers). This was down from 38% in Q4 2013.

Meanwhile, 66% of new subscribers were unengaged with marketers email programs (up 4% over last year).

Mature subscriber behavior



In Q4 2014, 53% of mature subscribers were active in the previous 12 months. Mature subscribers are comprised of Mature Lapsed Clicker (17%), Mature Lapsed Opener (19%), Mature Recent Clicker (7%), Mature Recent Opener (10%) and Mature Inactive (47%)

This analysis found that 17% of Mature Subscribers had recently engaged with an email program (Mature Recent Openers 10% and Mature Recent Clicker 7%).

Industry performance

The Retail Apparel industry category had the highest amount of engaged subscribers in Q4 2014, with 29% being categorized as Superstars. Retail Apparel and Financial Services/CC Banks did the best job of onboarding new customers through Q4 2014 with 14% of subscribers in each industry being categorized as Rising Stars.

Industry	Super Star	Napper	Dormant	Rising Star	Question Mark
Retail Apparel	29%	32%	19%	14%	6%
Retail Specialty	26%	32%	37%	3%	2%
Travel / Hospitality	21%	33%	34%	4%	8%
Financial Services CC/Banks	20%	34%	20%	14%	12%
Financial Services General	19%	34%	31%	4%	12%
Consumer Services Telecom	18%	28%	42%	2%	10%
Consumer Services General	17%	21%	57%	2%	3%
Retail General	14%	48%	31%	3%	3%
Consumer Publishing / Media General	14%	19%	60%	2%	5%
Consumer Products	12%	37%	40%	3%	7%
Business Products and Services General	11%	42%	40%	3%	5%
Consumer Products Pharmaceutical	7%	22%	49%	4%	17%
Overall	14%	31%	41%	5%	9%

Conclusion

Email continues to be a highly effective method to engage consumers. Consumers take email with them as they move from their desktop, to their mobile and laptop or tablet devices. While consumers may be able to open and view email on all devices they aren't always taking action — which presents a new challenge to marketers. Still, every customer interaction is a moment of opportunity for marketers to better understand the value created by the engagement and the experience the customer has. It is up to marketers to leverage data to create continuous, consistent experiences — through email and across channels — that deliver value and forge deeper customer relationships.

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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