



EMAILINSTITUTE
THE EMAIL MARKETING BEST PRACTICES DESTINATION

Q4 2013 email trends and benchmarks

April 2014



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Executive summary

Today's consumers communicate in real-time, across an abundance of channels in the physical and virtual worlds; making relationship-building efforts for brands more complicated than ever before. These digital savvy consumers also expect more personalized and engaging relationships with their brands of choice. It is no longer about push messaging. It is about pull to drive higher degrees of personalization.

Time and time again, email has proven to be an effective way to build such relationships. As you review our benchmarks, keep in mind that the best way to lift email is to apply context. How, when and where a customer interacts with your brand could prove to be the most useful information in your email marketing efforts.

This benchmark data should only be used as a guideline. Specifics for each company will ultimately drive results.

Business as usual email trends

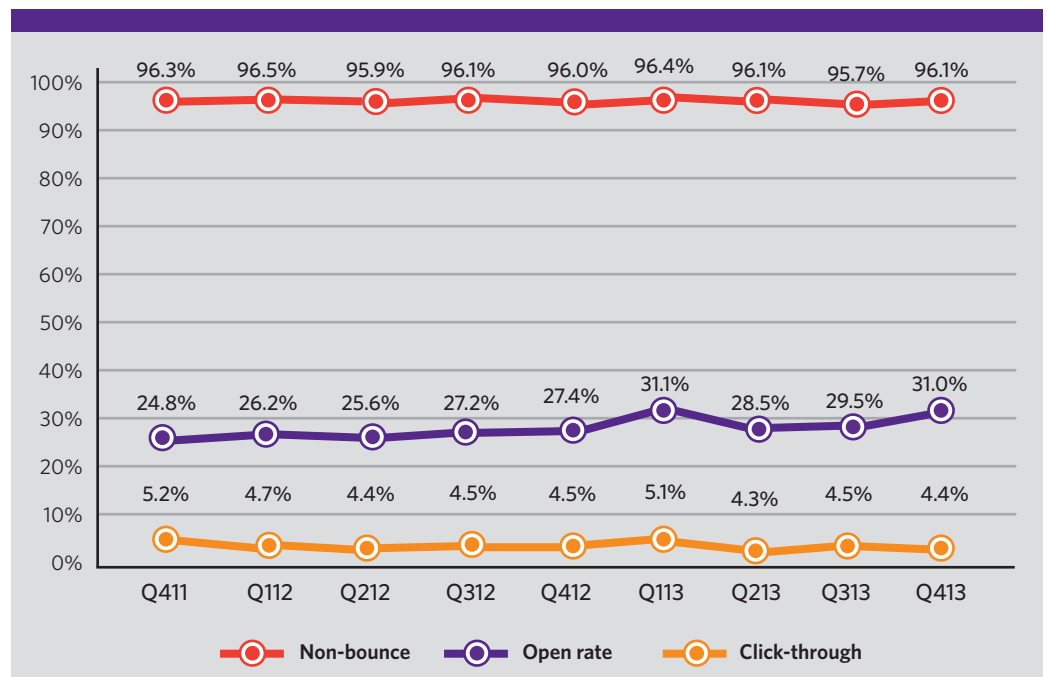
The Q4 2013 Email Trends and Benchmarks analyze performance trends by industry and message type. They offer insight into how the average company across 13 industry categories performs. The study is compiled from 7 billion emails sent in Q4 2013 (October through December) across multiple industries and approximately 140 clients.

Q4 2013 overall performance

- Open rates were consistent quarter over quarter. However, there was an increase over Q4 2012 (27.4%), resulting in an overall open rate of 30.9%.
- Click rates increased quarter over quarter and were in line with last year, closing at 4.4%.
- Non-bounce rates increased from 95.7% in Q3 2013 to 96.1% in Q4 2013, but are in line with rates prior to Q3 2013.

Open rates performed well throughout 2013

Click rates fluctuated, but are comparable from Q4 2012 to Q4 2013



Industry performance

Seven of the 13 industries analyzed had an open rate increase of 5% or higher when compared to last year's metrics: Business Products and Services General, Business Publishing/Media General, Consumer Publishing/Media General, Financial Services CC/Banks, Financial Services General, Retail General and Retail Specialty.

Two of the industries analyzed had a click rate increase of 5% or higher in Q4 2013: Business Publishing/Media General and Consumer Publishing/Media General.

Two of the industries also had a click to open rate increase of 5% or higher: Business Publishing/Media General and Consumer Services Telecom.

In Q4 2013, the highest open rates occurred in the Financial Services CC/Banks (45.1%), Retail General (45.1%) and Financial Services General (35.1%) categories.

The highest click rates occurred in Consumer Publishing/Media General (8.4%), Financial Services General (6.3%) and Consumer Products CPG (6.2%).

Industries analyzed

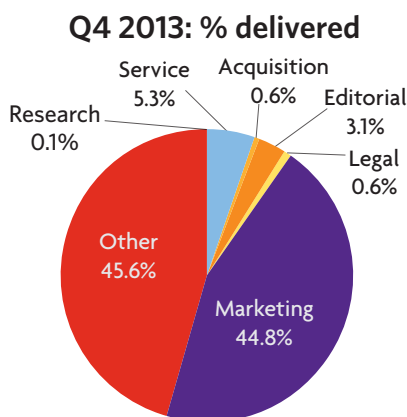
Epsilon Q4 2013 North American Industry	Non-Bounce	Open Rate	Click Rate	Click to Open Rate
Business Products and Services General	94.9%	32.4%	3.3%	10.1%
Business Publishing/Media General	97.2%	20.0%	3.5%	17.7%
Consumer Products CPG	97.6%	18.8%	6.2%	32.8%
Consumer Products Pharmaceutical	92.6%	29.9%	3.7%	12.3%
Consumer Publishing/Media General	97.7%	25.4%	8.4%	33.1%
Consumer Services General	96.6%	25.7%	4.0%	15.5%
Consumer Services Telecom	96.4%	16.4%	2.3%	13.8%
Financial Services CC/Banks	95.8%	45.1%	4.1%	9.0%
Financial Services General	95.7%	35.1%	6.3%	18.0%
Retail Apparel	99.5%	18.5%	3.4%	18.5%
Retail General	97.2%	45.1%	5.4%	12.1%
Retail Specialty	97.0%	27.8%	3.1%	11.2%
Travel/Hospitality Travel Services	97.6%	30.8%	3.1%	10.2%

*Red or blue text indicates an increase (blue) or decrease (red) over last year's metrics that was over 5%.



Campaign performance

The Q4 2013 *Email Trends and Benchmarks* also analyzed the types of messages sent and their performance metrics. Down from Q3 2013 (50.4%), nearly 45% of emails deployed through Epsilon's proprietary email platform were characterized as marketing messages.



Message type	Open rate	Click rate	Click to open rate	% delivered in Q4 2013
Acquisition	16.4%	0.6%	3.7%	0.6%
Editorial	17.1%	2.9%	17.2%	3.1%
Legal	85.1%	0.3%	0.3%	0.6%
Marketing	29.2%	3.7%	12.8%	44.8%
Other	18.4%	2.5%	13.9%	45.6%
Research	16.0%	2.1%	13.0%	0.1%
Service	63.3%	8.3%	13.1%	5.3%

**Message types are based on emails deployed out of one of Epsilon's two proprietary email 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	Industry category	Message type	Open rate	Click rate	Click to open rate	% of total delivered in industry
Business Products and Services	General	Marketing	20.7%	2.1%	10.0%	55.3%
		Other	18.4%	2.6%	14.2%	42.0%
		Research	7.5%	0.8%	10.1%	2.8%
Business Publishing/Media	General	Marketing	18.7%	1.3%	6.9%	100.0%
		Service	94.7%	22.2%	23.4%	0.0%
Consumer Products	CPG	Acquisition	40.4%	8.7%	21.4%	0.0%
		Marketing	19.8%	2.9%	14.5%	99.9%
		Other	46.9%	12.5%	26.6%	0.0%
	Pharmaceutical	Marketing	16.2%	2.1%	13.1%	94.7%
		Other	6.1%	0.9%	15.5%	5.3%
Consumer Publishing/Media	General	Service	30.5%	3.0%	9.7%	0.0%
		Editorial	16.7%	2.9%	17.3%	44.8%
		Marketing	22.8%	1.8%	7.7%	51.9%
		Other	20.8%	3.5%	16.8%	2.9%
		Service	56.5%	17.4%	30.9%	0.4%

Key metrics analyzed (cont.)

Industry	Industry category	Message type	Open rate	Click rate	Click to open rate	% of total delivered in industry
Consumer Services	General	Marketing	35.2%	4.2%	11.9%	98.2%
		Other	86.7%	15.7%	18.1%	1.2%
		Service	79.4%	21.7%	27.3%	0.6%
	Telecom	Marketing	30.3%	2.3%	7.5%	94.1%
		Other	36.8%	6.5%	17.7%	0.1%
		Service	65.4%	10.3%	15.8%	5.9%
Financial Services	CC/Banks	Acquisition	11.0%	0.7%	6.0%	0.8%
		Marketing	46.8%	4.6%	9.8%	40.1%
		Other	55.8%	5.4%	9.6%	31.5%
		Research	50.0%	7.1%	14.1%	0.0%
		Service	63.4%	8.2%	12.9%	27.7%
	General	Acquisition	17.8%	0.6%	3.2%	18.1%
		Marketing	27.2%	1.4%	5.3%	72.9%
		Other	55.8%	9.5%	17.0%	2.2%
		Service	71.2%	12.7%	17.9%	6.9%
Retail	Apparel	Service	69.3%	46.3%	66.8%	100.0%
	General	Acquisition	65.4%	3.8%	5.8%	0.0%
		Editorial	27.2%	2.0%	7.5%	0.0%
		Legal	85.1%	0.3%	0.3%	1.2%
		Marketing	33.5%	8.4%	25.0%	15.6%
		Other	12.9%	2.1%	16.4%	83.1%
		Research	58.1%	6.0%	10.4%	0.0%
		Service	59.8%	5.9%	9.9%	0.0%
	Specialty	Acquisition	92.1%	21.1%	22.9%	0.0%
		Editorial	26.3%	4.1%	15.7%	2.9%
		Marketing	30.3%	3.5%	11.5%	93.2%
		Other	27.5%	3.0%	11.1%	3.6%
		Research	48.2%	7.8%	16.1%	0.3%
		Service	95.5%	8.7%	9.1%	0.0%
	Travel/Hospitality	Travel services	Marketing	25.2%	2.5%	9.8%
Service			92.5%	6.8%	7.4%	0.0%

**Message types are pulled from Epsilon's proprietary email platform only and defined by the person(s) creating the campaigns and may not reflect the same definitions as your company.*

Triggered email trends

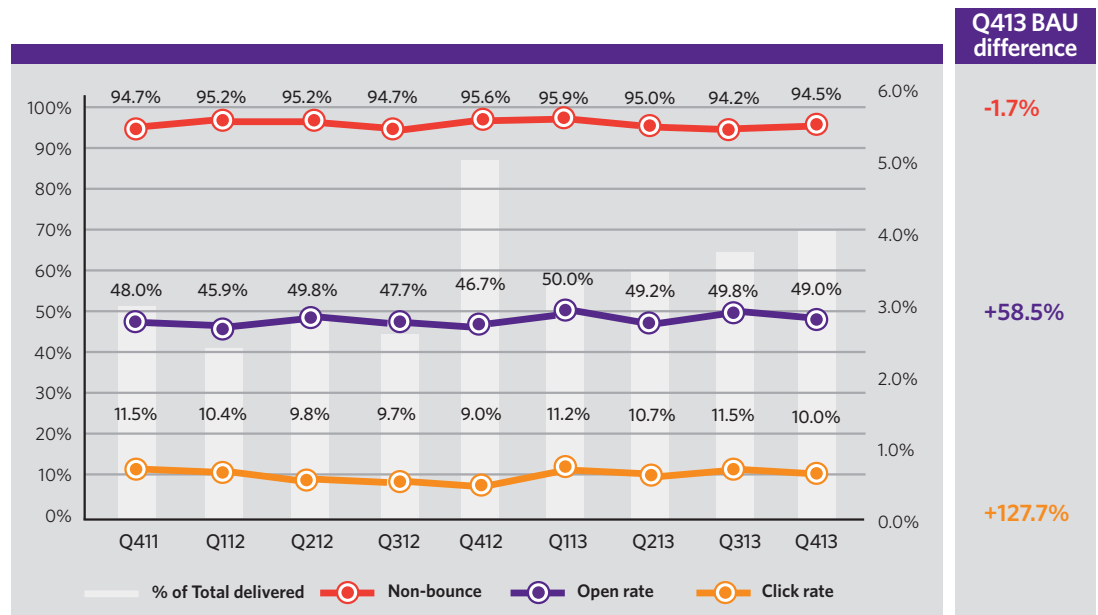
Epsilon's triggered email metrics are compiled from more than 297 million triggered emails sent from October to December 2013 across multiple industries. These messages were sent as the result of an action, such as Welcome, Thank You, Abandon Shopping Cart or Confirmation email.

This study also highlights significant differences between triggered email performance and Business as Usual (BAU) email performance.

Overall performance

- In Q4 2013, triggered messages accounted for 4.1% of total email volume, which is slightly lower than Q4 2012 (5.0%).
- Non-bounce rates continued to drive strong results for Epsilon clients, only 1.7% lower than BAU metrics.
- Triggered message open rates were 58.5% higher than BAU messages in Q4 2013. This is a decrease from the Q4 2012 lift of 70.5% over BAU.
- Triggered email click rates continued to perform well, reporting 127.7% higher clicks than BAU in Q4 2013. This is greater than the 101.8% click rate lift over BAU noted in Q4 2012.

Overall triggered message performance





Triggered email by industry

The highest open rates for triggered messages were in the Travel/Hospitality Travel Services (67.8%), Retail General (66.7%) and Financial Services General (58.7%) categories.

The highest triggered email click rates were reported in Consumer Products CPG (15.9%), Consumer Services Telecom (13.0%) and Consumer Publishing/Media General (12.7%).

Triggered emails typically have higher open and click rates because 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 the Consumer Products CPG (+167.7%), Consumer Services Telecom (+166.4%) and Travel/Hospitality Travel Services (+119.8%) categories.

The most notable click rate differences between triggered and BAU messages were reported in Consumer Services Telecom (+475.0%), Retail Apparel (+264.5%) Business Publishing/Media General (+253.4%).

Q4 2013 North American industry	Non-bounce	BAU non-bounce difference	Open rate	BAU open rate difference	Click rate	BAU click rate difference
Business Products and Services General	98.2%	+3.4%	42.9%	+32.1%	6.2%	+89.7%
Business Publishing/Media General	98.2%	+1.0%	32.5%	+62.8%	12.5%	+253.4%
Consumer Products CPG	96.8%	-0.8%	50.3%	+167.7%	15.9%	+158.1%
Consumer Products Pharmaceutical	87.5%	-5.5%	53.2%	+78.2%	12.6%	+241.4%
Consumer Publishing/Media General	97.3%	-0.4%	39.7%	+56.2%	12.7%	+50.5%
Consumer Services General	80.9%	-16.2%	36.9%	+43.8%	8.5%	+112.6%
Consumer Services Telecom	95.0%	-1.4%	43.7%	+166.4%	13.0%	+475.0%
Financial Services CC/Banks	94.0%	-1.9%	57.4%	+27.2%	5.7%	+40.0%
Financial Services General	96.7%	+1.1%	58.7%	+67.5%	10.1%	+59.8%
Retail Apparel	95.5%	-4.0%	40.2%	+117.8%	12.4%	+264.6%
Retail General	96.2%	-1.0%	66.7%	+48.0%	9.4%	+73.6%
Retail Specialty	97.2%	+0.3%	39.7%	+43.0%	5.0%	+59.5%
Travel/Hospitality Travel Services	93.1%	-4.6%	67.8%	+119.8%	9.2%	+194.7%

*Blue text indicates a 50% or higher lift over BAU.

Email activity segmentation evaluation trends

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

These metrics are compiled from more than 592 million non-bounced out and opted-in email addresses. These addresses were contacted from January 1, 2013 to December 31, 2013 across multiple industries and from approximately 100 clients.

This analysis divides 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 over three months.

Each category is then further segmented based on customer 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

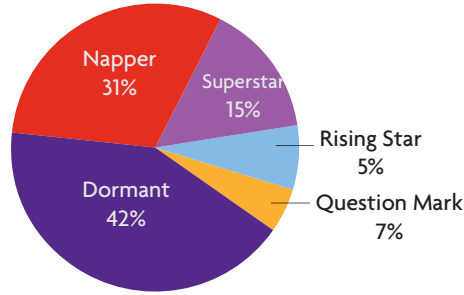
Rising Stars, Superstars and Nappers are considered active segments. Question Marks and Dormants are considered inactive segments.

Overall performance



- Half of an average email list had at least one open or click during the 12-month study period.
- Approximately 18% of subscribers in an average email list had opened or clicked in the most recent three months.
- Nearly two-thirds (62%) of new subscribers in an average list had no opens or clicks.
- 88% of a marketer's email list had been on file for more than three months.

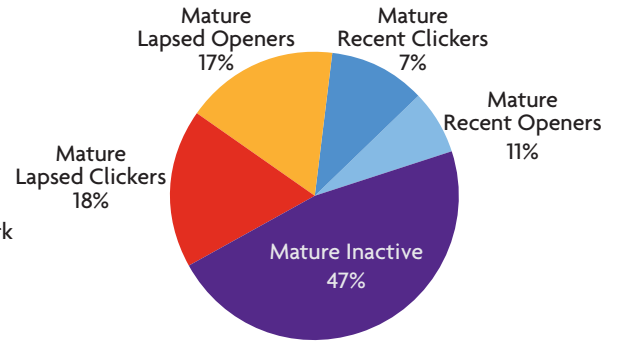
Percentage of segments in the average email file



In Q4 2013, 51% of an average email file was active. In the chart above, active segments are represented by Superstars (15%), Nappers (31%) and Rising Stars (5%). This is consistent with the previous year's metrics (Q4 2012) when 49.9% of the average email file was active.

From the EASE analysis, 12% of an email file was new in Q4 2013, an annual increase of 10% from Q4 2012. The new subscriber population consists of Rising Stars (5%) and Question Marks (7%).

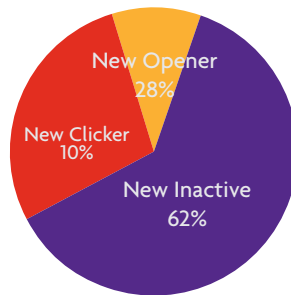
Mature subscriber behavior



In Q4 2013, 53% of Mature subscribers were active in the previous 12 months. Mature subscribers are comprised of Mature Lapsed Clickers (18%), Mature Lapsed Openers (17%), Mature Recent Clickers (7%) and Mature Recent Openers (11%).

This analysis found that 18% of Mature subscribers had recently engaged with an email program (Mature Recent Clickers, 7% and Mature Recent Openers, 11%).

New subscriber behavior



In Q4 2013, 38% of new subscribers were active after their initial opt-in to an email program (New Clickers and New Openers). This is an increase over last year (Q4 2012), when 37% of new subscribers were active.

Meanwhile, 62% of new subscribers were unengaged with marketers' email programs. This is slight decrease (down 2%) over Q4 2012 metrics, possibly indicating email marketers are doing a better job of maintaining subscriber engagement.



Industry performance

The Retail Apparel industry category had the highest amount of engaged subscribers in Q4 2013, with 25% being categorized as Superstars. Retail General stood out from the other categories for their onboarding of new subscribers with 7% categorized as Rising Stars.

Industry	Superstar	Napper	Dormant	Rising Star	Question Mark
Retail Apparel	25%	26%	27%	15%	6%
Retail General	23%	47%	16%	7%	8%
Financial Services CC/Banks	21%	29%	22%	14%	14%
Travel/Hospitality	20%	43%	27%	5%	4%
Business Publishing/Media General	20%	20%	57%	1%	2%
Retail Specialty	20%	28%	43%	3%	6%
Financial Services General	19%	33%	40%	3%	5%
Consumer Publishing/Media General	16%	18%	59%	2%	5%
Consumer Services Telecom	15%	23%	59%	1%	3%
Consumer Services General	14%	23%	53%	5%	5%
Consumer Products	12%	46%	34%	3%	5%
Business Products and Services General	11%	35%	45%	3%	6%
Consumers Products Pharmaceutical	8%	21%	54%	4%	13%
Overall	15%	31%	42%	5%	7%

Conclusion

In this new environment, marketers must build connections between brands and customers that are based on engagement and differentiated experiences. This can only be achieved through a deep understanding of customers both rationally (what they do) and emotionally (how they feel).

Creating and providing these experiences should be an ongoing effort. Our EASE analysis continues to highlight high percentages of inactive subscribers. In Q4 2013, 88% of the average marketer's email list had been on file for over three months and 47% of these Mature subscribers were inactive. Focus on the "old" as much as you do the "new" and continue to work to inspire, engage and reward to drive returns.

Connect with Epsilon to receive the latest thought leadership and to discuss marketing trends and challenges.



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LinkedIn: www.linkedin.com/companies/epsilon



Blog: www.abrandnewview.com



Methodology

The performance metrics examined averages across all companies within a category. The averages listed are unweighted and do not reflect mail volume 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: (Bounces and/or Undelivered) / emails Sent

Non-Bounce Rate: 1 - bounce back rate. Calculation does not include ISP or inbox filtering



About Epsilon

Epsilon is the global leader in creating customer connections that build brand and business equity. A new breed of agency for a consumer-empowered world, our unique approach harnesses the power of rich data, world-leading technologies, engaging creativity and transformative ideas to ignite connections between brands and customers, delivering dramatic results. Recognized by Ad Age as the #1 U.S. Agency from All Disciplines, #1 World CRM/Direct Marketing Network and #2 U.S. Digital Agency Network, we employ over 5,000 associates in 60 offices worldwide. Epsilon is an **Alliance Data** company. For more information, visit www.epsilon.com, follow us on Twitter [@EpsilonMktg](https://twitter.com/EpsilonMktg) or call 1.800.309.0505.



About Email Institute

Email Institute, powered by Epsilon, was founded with the purpose of educating marketers on email marketing best practices and how it intersects with other channels (Mobile, Social Media, Brick and-Mortar, Catalog, etc). The best practices site features articles from around the industry that focus on improving email marketing by pointing out how-to information on a specific subject and showcasing other company's email marketing efforts. Email Institute also showcases premium webinars, events, white papers and Epsilon primary research and benchmarks to provide in-depth information strategically targeted to increase your email marketing acumen.



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