

A woman with dark hair, wearing a bright yellow sweater over a white collared shirt and patterned leggings, is sitting on a wooden bench. She is looking down and writing in a large, open notebook with a green pen. The background is a solid blue wall. The overall mood is professional and focused.

EPSILON®

Q1 2017 email trends and benchmarks

Executive summary

Consumer engagement has changed and consumers now want communication in real-time and on their terms. This is especially true in the email channel where trends have indicated that consumers engage with email across devices and at multiple times during the day. Q1 2017 email trends and benchmarks saw increased open and click rates coming out of the holiday season, showing marketers were able to effectively engage shoppers after a busy Q4. Additionally, opens on desktop increased slightly from Q4 2016 (41%) into Q1 2017 (44%) driven by a drop in opens on mobile devices for the second time in as many quarters. Mobile open rates (46%) reached their lowest average rate since Q3 2015 (43%).

With the continued cross-device behavior from email subscribers, more than ever marketers need to leverage data to reach customers on their preferred device, with precise timing and with a creative message that is optimized for the channel they are interacting in at the time. Achieving this starts with data, including rich customer profiles, purchase behaviors and media interactions and powerful technology platforms to activate those customer insights in real-time.

To better understand their customers in a way that will drive business growth, marketers must use their own data, as well as industry benchmarks. To help, Epsilon compiles and analyzes aggregated data from billions of emails to provide brands with email benchmarks to evaluate their respective campaigns. For the first time in this report, we have included standalone benchmarks for the Automotive and Healthcare industries. We hope this data will allow you to assess your performance and help improve your digital messaging strategy moving forward. Please note this benchmark data should only be used as a guideline as specifics for each company will drive results.

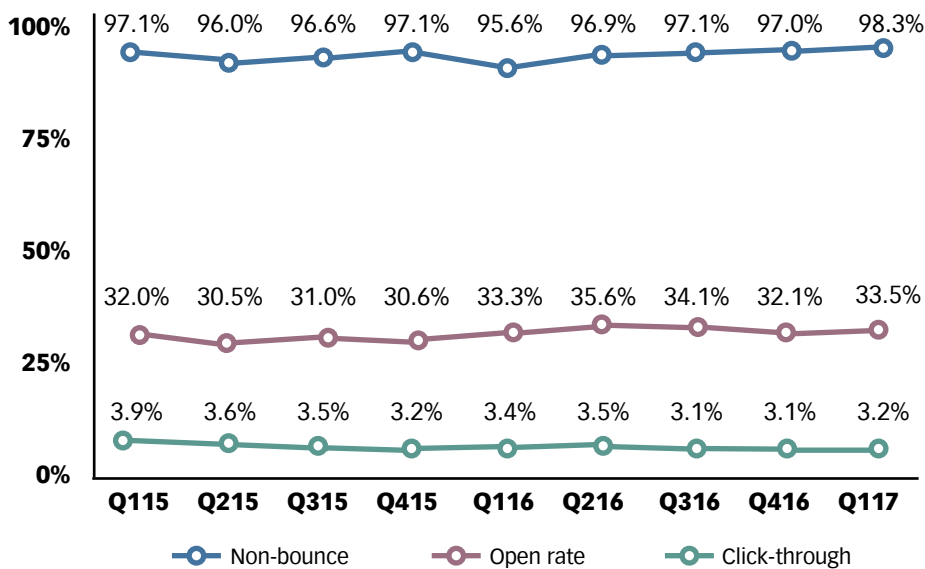
Business as usual email trends

The Q1 2017 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 9.9 billion emails sent in Q1 (Jan- Mar) 2017 across multiple industries and approximately 150 clients.

Q1 2017 overall performance

- The Q1 2017 open rate of 33.5% was above last quarter, Q4 2016 (32.1%), and in line with last year, Q1 2016 (33.3%).
- Click rates at 3.2% were in line with last quarter, Q4 2016 (3.1%), and year-over-year (3.1%).
- Non-bounce rates increased to 98.3% from Q4 2016 (97.0%), and were higher than Q1 2016 (95.6%).

Open rates continued to perform strongly



Industry performance

Open rates increased by more than 5% for only two of the 12 industries analyzed, Consumer Services Telecom and Retail Specialty, when compared to last year's metrics. Four industries, Business Products and Services General, Consumer Products CPG, Consumer Products Pharmaceutical and Travel/Hospitality Travel Services, saw open rates decrease by more than 5%.

The highest open rates in Q1 2017 were in Financial Services CC/Banks (50.0%), Retail General (49.1%) and Financial Services General (46.8%).

Click rates saw little upward movement for the majority of industries, with four industries experiencing click rate increases 5% or higher when compared to last year's metrics: Business Products and Services General, Consumer Services General, Consumer Services Telecom and Financial Services General.

Click-to-open rates saw a yearly decrease for the majority of industries analyzed with four industries, Business Products and Services General, Consumer Services General, Consumer Services Telecom and Financial Services General, experiencing click-to-open rate increases of 5% or higher.

The highest click-to-open rates were in Consumer Products CPG (17.3%), Consumer Services Telecom (16.6%) and Business Products and Services General (14.9%).

Industries analyzed

Q1 2017 North American Industry	Non-bounce	Open rate	Click rate	Click to open rate (CTOR)
Business products and services general	98.0%	22.1%	3.3%	14.9%
Consumer products CPG	98.1%	17.8%	3.1%	17.3%
Consumer products pharmaceutical	97.8%	20.0%	2.2%	10.8%
Consumer and business publishing/media general	99.7%	22.5%	3.2%	14.4%
Consumer services general	97.3%	33.0%	3.1%	9.3%
Consumer services telecom	99.1%	25.9%	4.3%	16.6%
Financial services CC/banks	99.2%	50.0%	3.4%	6.8%
Financial services general	95.1%	46.8%	4.7%	10.0%
Retail general	99.4%	49.1%	2.8%	5.6%
Retail specialty	99.0%	33.1%	3.2%	9.6%
Travel/hospitality travel services	99.5%	31.2%	2.5%	8.1%

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

Campaign performance

The Q1 2017 email trends and benchmarks also analyzed the types of messages sent along with performance metrics. Nearly 93% of emails delivered by Epsilon in Q1 2017 were categorized as marketing messages.



* 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.

Key metrics analyzed by message type across industries

Message type	Open rate	Click rate	CTOR	% delivered in Q416
Acquisition	72.2%	7.1%	9.8%	0.00%
Editorial/newsletter	31.1%	3.0%	10.5%	2.25%
Marketing	23.1%	1.5%	6.4%	92.91%
Other	59.7%	3.5%	5.8%	3.22%
Research/surveys	35.2%	4.2%	12.0%	0.11%
Service	63.5%	7.8%	12.3%	1.52%

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	Editorial/Newsletter	8.7%	0.6%	6.4%	30.8%
	Marketing	13.7%	0.9%	6.8%	60.0%
	Other	11.4%	1.1%	9.4%	8.0%
	Research/Survey	37.7%	5.7%	15.0%	1.2%
	Service	7.5%	0.5%	6.8%	0.1%
Consumer and business publishing/general media	Editorial/Newsletter	46.8%	5.3%	11.4%	28.7%
	Marketing	22.7%	1.3%	5.8%	68.2%
	Other	16.4%	1.4%	8.4%	2.3%
	Research/Survey	24.4%	5.4%	22.0%	0.5%
	Service	39.7%	5.0%	12.7%	0.2%

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

Industry	Message type	Open rate	Click rate	CTOR	% of total delivered in industry
Consumer Products CPG	Editorial/Newsletter	16.5%	2.2%	13.5%	0.3%
	Marketing	14.3%	1.6%	10.9%	99.6%
	Other	49.4%	10.3%	21.0%	0.1%
Consumer products pharmaceutical	Editorial/Newsletter	40.7%	4.7%	11.6%	1.6%
	Marketing	13.4%	1.8%	13.1%	98.4%
	Service	57.2%	2.7%	4.7%	0.0%
Consumer services general	Editorial/Newsletter	68.8%	4.7%	6.9%	0.0%
	Marketing	22.1%	1.7%	7.9%	99.7%
	Other	65.5%	10.3%	15.7%	0.3%
	Service	76.5%	6.5%	8.5%	0.0%
Consumer services telecom	Editorial/Newsletter	29.0%	4.2%	14.4%	0.5%
	Marketing	27.4%	1.3%	4.6%	93.6%
	Other	85.9%	19.9%	23.1%	0.1%
	Service	89.1%	12.0%	13.5%	5.9%
Financial services cc/banks	Acquisition	72.2%	7.1%	9.8%	0.0%
	Editorial/Newsletter	41.7%	2.6%	6.2%	0.1%
	Marketing	49.9%	2.7%	5.5%	70.6%
	Other	61.3%	4.0%	6.6%	18.2%
	Service	70.1%	8.5%	12.0%	11.2%
Financial services general	Editorial/Newsletter	46.6%	0.8%	1.7%	0.0%
	Marketing	22.3%	1.0%	4.7%	97.3%
	Other	54.5%	1.1%	2.0%	0.3%
	Research/Survey	79.8%	0.7%	0.8%	0.0%
	Service	45.3%	5.9%	13.1%	2.4%
Retail general	Marketing	18.8%	2.5%	13.2%	65.6%
	Other	73.6%	3.4%	4.6%	34.2%
	Research/Survey	70.3%	6.9%	9.8%	0.1%
	Service	63.6%	3.8%	5.9%	0.1%
Retail specialty	Editorial/Newsletter	32.2%	3.0%	9.4%	1.0%
	Marketing	19.8%	1.2%	6.2%	98.3%
	Other	52.2%	2.6%	5.0%	0.5%
	Research/Survey	36.0%	2.9%	8.0%	0.1%
	Service	65.5%	5.4%	8.3%	0.0%
Travel/hospitality travel services	Editorial/Newsletter	61.2%	4.5%	7.4%	0.0%
	Marketing	29.4%	2.2%	7.6%	99.2%
	Other	13.8%	0.6%	4.6%	0.8%
	Service	95.1%	7.2%	7.6%	0.0%

* Message types are pulled from the DREAM and Harmony platforms only and are defined by the person(s) creating the campaigns. These may not reflect the same definitions as your company

Triggered email trends

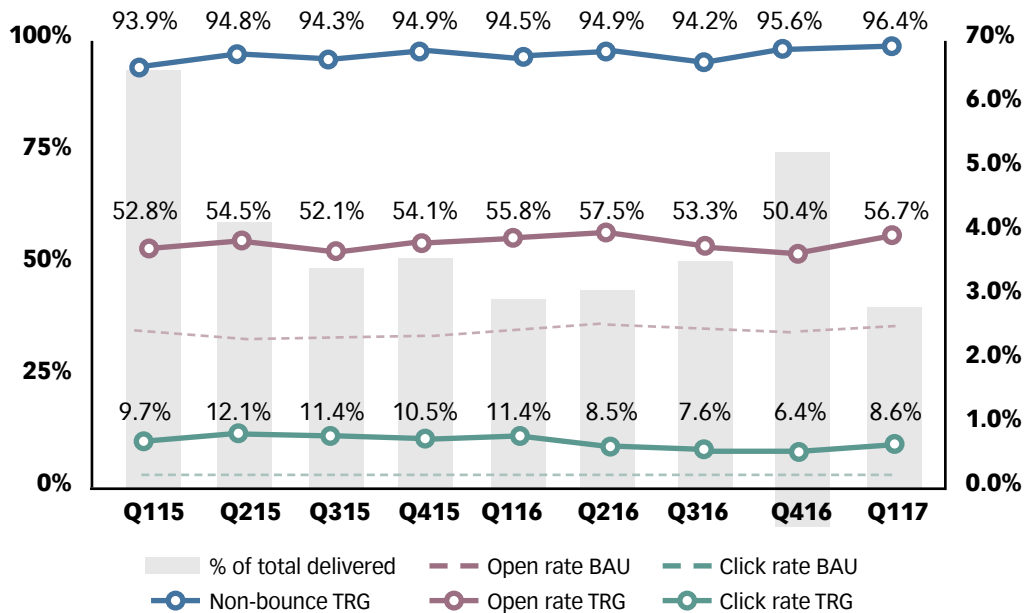
Epsilon's triggered email metrics are compiled from approximately 3.6 billion triggered emails sent from January 2015 to March 2017, across multiple industries. These messages were sent as the result of a consumer action, such as Welcome, Thank You, Abandon Shopping Cart or Confirmation. These metrics 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 in different ways throughout the year.

Overall performance

- Triggered messages accounted for 2.7% of total email volume in Q1 2017, well below last quarter, Q4 2016 (5.4%), and slightly lower than last year, Q1 2016 (3.0%).
- Non-bounce rates continued to drive strong results for Epsilon clients, only 1.9% lower than BAU industry metrics.
- Triggered open rates were 69.0% higher than BAU in Q1 2017. This is higher than the Q1 2016 lift of 67.9% over BAU.
- Triggered click rates continued to perform well, reporting 164.6% higher than BAU. This is notably lower than Q1 2016 when triggered click rates showed a 241.3% lift over BAU.

Activity rates for triggered messages consistently higher than BAU



Q1 2017	Triggered	Business as usual	Difference
% delivered in quarter	2.7%	97.3%	
Non-bounce	96.4%	98.3%	-1.9%
Open	56.7%	33.5%	69.0%
Click	8.6%	3.2%	164.6%

Triggered email by industry

The highest open rates for triggered messages were in Financial CC/Banks (70.1%), Financial Services General (69.9%) and Travel/Hospitality Travel Services (63.3%). The highest triggered email click rates were reported in Consumer Products Pharmaceutical (16.0%), Consumer Products CPG (14.2%) and Financial Services General (11.5%).

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 Business Products and Services General (+180.4%), Consumer Products Pharmaceutical (+165.9%) and Consumer Products CPG (+160.8%). The most notable click rate difference between triggered and BAU messages were reported in Consumer Products Pharmaceutical (+640.8%), Consumer Products CPG (+359.7%) and Retail Specialty (+198.4%).

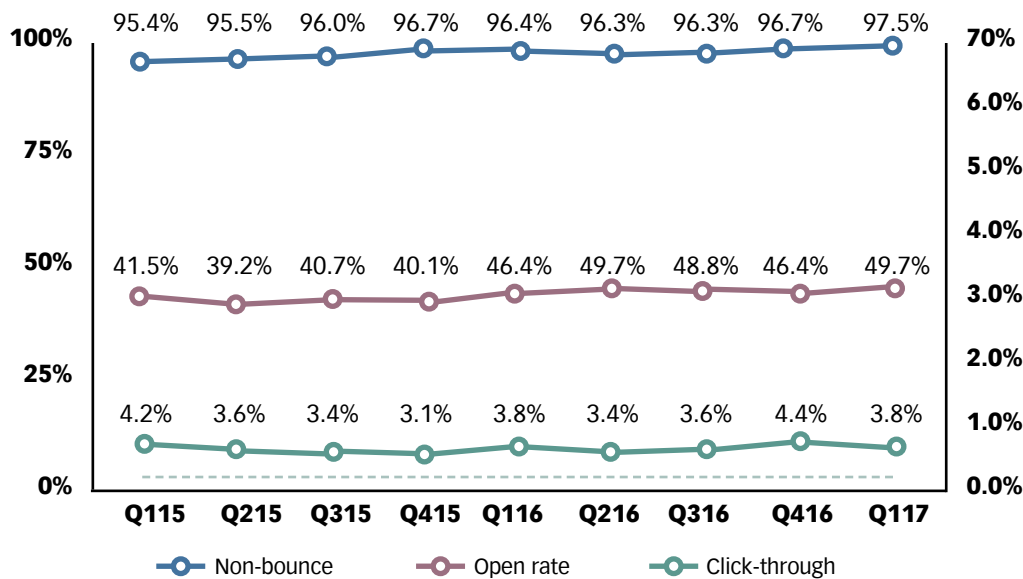
Industry	Non-bounce	BAU non-bounce difference	Open rate	BAU open rate difference	Click rate	BAU click rate difference
Business products and services general	96.0%	-2.0%	61.9%	180.4%	8.1%	146.1%
Consumer products CPG	94.8%	-3.3%	46.4%	160.8%	14.2%	359.7%
Consumer products pharmaceutical	95.7%	-2.2%	53.1%	165.9%	16.0%	640.8%
Consumer publishing/media general	98.5%	-1.2%	34.7%	54.1%	3.6%	11.8%
Consumer services general	97.1%	-0.2%	45.3%	37.5%	7.5%	144.7%
Consumer services telecom	95.4%	-3.7%	62.2%	140.5%	4.9%	13.4%
Financial services cc/banks	96.1%	-3.2%	70.1%	40.1%	4.9%	42.0%
Financial services general	98.6%	3.7%	69.9%	49.3%	11.5%	144.4%
Retail general	97.3%	-2.2%	60.0%	22.1%	6.6%	138.4%
Retail specialty	95.2%	-3.9%	56.9%	71.8%	9.4%	198.4%
Travel/hospitality travel services	95.6%	-3.9%	63.3%	102.7%	7.5%	197.4%

Automotive Industry Trends and Benchmarks

The Q1 2017 automotive email trends and benchmarks analyzed performance trends by industry and message type. These metrics offer insight into how the average company performed across the automotive category.

In line with Epsilon's cross-industry benchmarks, email open rates in the automotive industry saw an increase from Q4 2016 into Q1 2017. While Automotive open rates increase quarter-over-quarter, click rates decreased during the same period.

Automotive open rates increase quarter-over-quarter



Automotive Email Trends Sales vs. Service

In Q117, 34% of the email campaigns were categorized as either sales or service:
Service:

- 50.5% reported a 54% open rate and 2.8% click rate.
- Sales: 49.5% reported a 28.6 % open rate and 2.9% click rate.

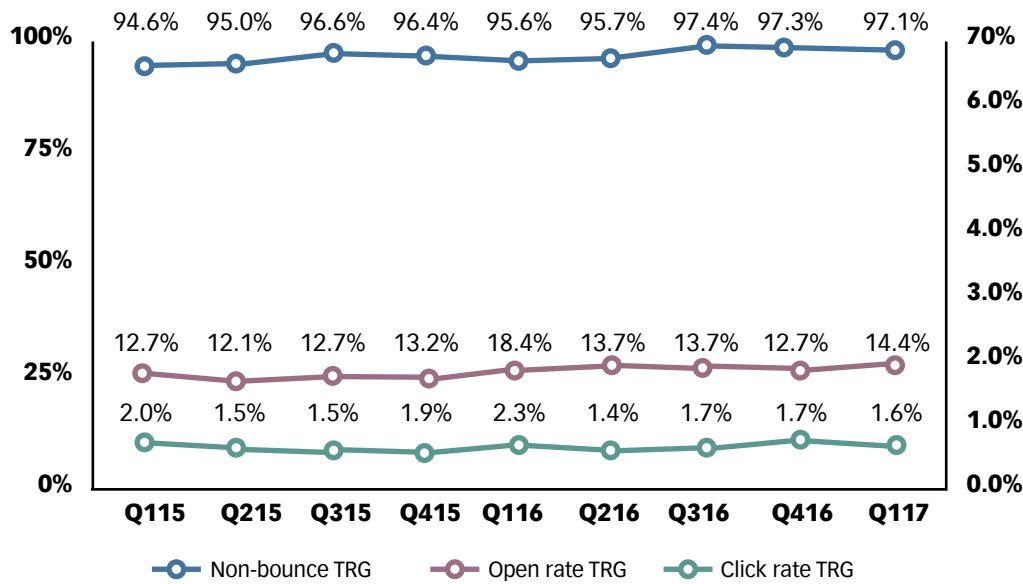
Healthcare Industry Trends and Benchmarks

Healthcare BAU benchmarks are compiled from 303 million emails sent from Q1 2015 through Q1 2017 across twenty healthcare clients in the Healthcare Consumer and HCP categories.

Consumer email engagement with healthcare BAU emails saw slight movement quarter over quarter:

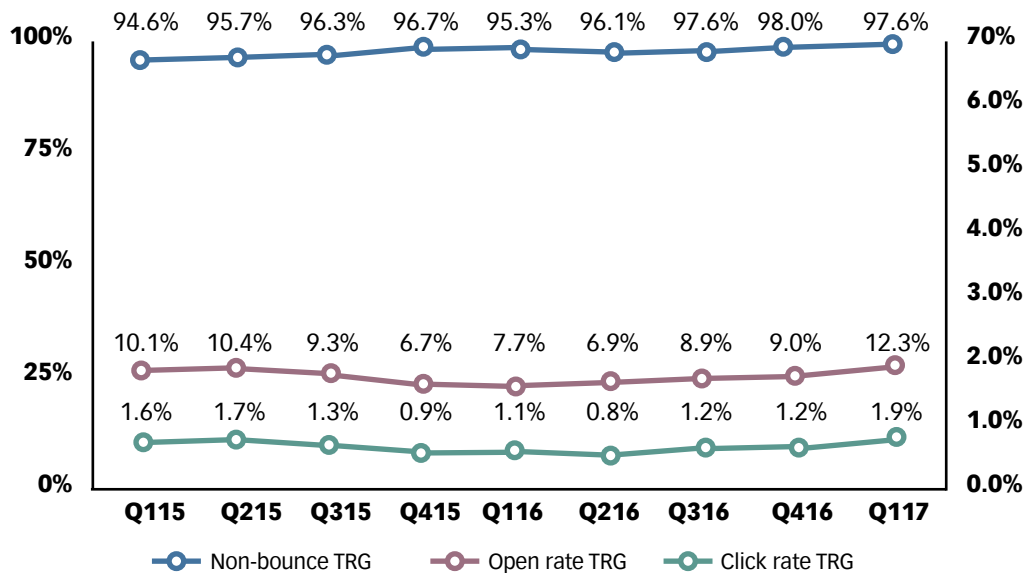
- The number of emails delivered decreased 29% quarter over quarter and 9% over Q1 of last year.
- Q117 open rates (14.4%) resulted in a year-over-year decrease of 21%, but an increase of 14% from last quarter.
- Click rates (1.6%) were down year-over-year (2.3% in Q116) but in line with the previous three quarters.
- With the quarterly decrease in emails delivered, the overall number of opens decreased 19% quarter-over-quarter and overall clicks decreased 33%.

Healthcare Consumer delivery rates continue to be strong



HCP BAU emails saw an increase in engagement both quarter-over-quarter and year-over-year with drops in overall emails delivered

- The number of emails delivered was lower than what was delivered the previous quarter and down 42% year-over-year.
- Open rates (12.3%) saw a jump from Q416 and a 59% increase over the same quarter last year.
- Click rates (1.9%) also rose over last quarter and saw a 77% increase compared to Q116.



Conclusion

No matter the industry, marketing efforts today must be focused on creating a dialogue between brands and consumers. This requires marketers to deliver highly personalized campaigns via email, mobile, social, online and offline. Leveraging data from all types of customer interactions, over the duration of the brand-customer relationship, and activating those insights across marketing channels will help marketers develop more profitable relationships with their customers.

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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