EPSILON®

EMAIL TRENDS AND BENCHMARKS

Q4 2018

TABLE OF CONTENTS

EXECUTIVE SUMMARY

To help assess your performance and improve your digital messaging strategy, each quarter we compile and analyze aggregated data from billions of North American Epsilon client emails. In this Q4 2018 email trends and benchmarks report, we'll compare Q4 2018 metrics to YOY (Q4 2017) performance and prior quarter (Q3 2018) performance. This benchmark data should be used as a guideline; specifics for each company is what drives results.

Overall, metrics remained stable throughout 2018. For business-as-usual (BAU) metrics, no industry saw significant increases in the three major categories (open, click-through and click-to-open rates), while triggered emails continued to show strong results.

Because the email trends and benchmarks report is about looking at past performance and measurements, we're sharing insights about what email marketers should consider for Q4 2019 when planning their holiday or end-of-season campaigns.

Learn more about delivering truly tailored email experiences to your customers

Visit epsilon.com/email
or call 800 309 0505

The takeaway
Use this information as you begin planning your Q4 2019 email campaigns to ensure the best conversations, conversions, and activity from your customers.

PREPARING FOR
HOLIDAY 2019

PREPARING FOR HOLIDAY 2019

By Nathalie Jans

A personalized, omnichannel approach is key to successful email campaigns

Our account teams use the email trends and benchmarks report to make recommendations throughout the year, particularly when analyzing clients' well- and poorly-performing campaigns. We work for months leading up to Q4 to better prepare our clients for their busiest time of the year. Let's run through some basic tactics that will make your holiday emails the most engaging for your customers.

Score quick wins with personalization

A personalized approach can be a differentiator no matter what industry you're in, especially as you prepare for the holiday rush. We start by evaluating key areas where brands can score easy wins with customer personalization, such as:

- Personalizing product and service recommendations
- Calibrating email offer timing based on past purchase behavior
- Tailoring subject lines to an individual recipient's interests

Personalization has a big impact on email campaigns. We noticed this when we analyzed the subject lines of three different campaigns for one of our publishing clients. Their highest performing campaign, in terms of click-through rates (CTR), offered a 30%-off discount in its subject line, while the 10%-off subject line had a lower CTR. Their lowest performing campaign highlighted a specific product in its subject line. Based on these differences, we found that our client had missed an opportunity for personalization by offering a product that failed to engage their audience. While this campaign wasn't specific to the holidays, the brand can now use this learning for their most important marketing quarter of the year.

> **"Brands in their spring planning season need to outline their goals for Q4—driving people to their physical stores, re-engaging last year's holiday shoppers, increasing online Average Order Value (AOV)—and see how they can use a personalized, omnichannel approach to get there."**
>
> *Nathalie Jans, VP, Digital Client Services, Epsilon*

PREPARING FOR HOLIDAY 2019 (CONT.)

Use data to make intelligent scheduling decisions

One of the most overlooked drivers for consumer engagement is timing. Brands still struggle with how to use their data to match the timing of an email deployment with when a consumer is most likely to engage. For instance, I noticed a missed opportunity with a brand I frequently shop with. When they sent me an end-of-year wrap-up email with my shopping stats, I knew they had data on my behavior, such as how many times I ordered with them and when I was most likely to shop. But, they never used that data to personalize my shopping experience or time of delivery. With better scheduling intelligence they could have used my shopping data to deliver an email when, and on which device I'm most likely to open and engage with it, leading to a greater likelihood for conversion.

Increase cross-channel traffic: Coach uses email to drive brick and mortar sales

You have the data and you have the customers, but how do you know your marketing approach will work? We piloted an email personalization program with our client, Coach. Check out the full Coach case study here. To deliver a more personalized experience, we matched each customer profile to modeled attributes and identified categories for selected audiences. Agility Harmony's machine learning and decisioning engine made recommendations for individual subscribers, delivering the 1:1 subject lines and pre-header text that were most likely to drive engagement with them. The program drove email subscribers to their brick-and-mortar locations, which led to a 4.1% lift in AOV in-store.

Think beyond email

Paying attention to channels outside of email is critical, particularly the fast-growing mobile push and SMS. In order to have a truly engaging marketing strategy, marketers need to make sure that their messaging is seamless and personalized across all channels.

Brands in their spring planning season need to outline their goals for Q4—driving people to their physical stores, re-engaging last year's holiday shoppers, increasing online AOV— and see how they can use a personalized, omnichannel approach to get there.
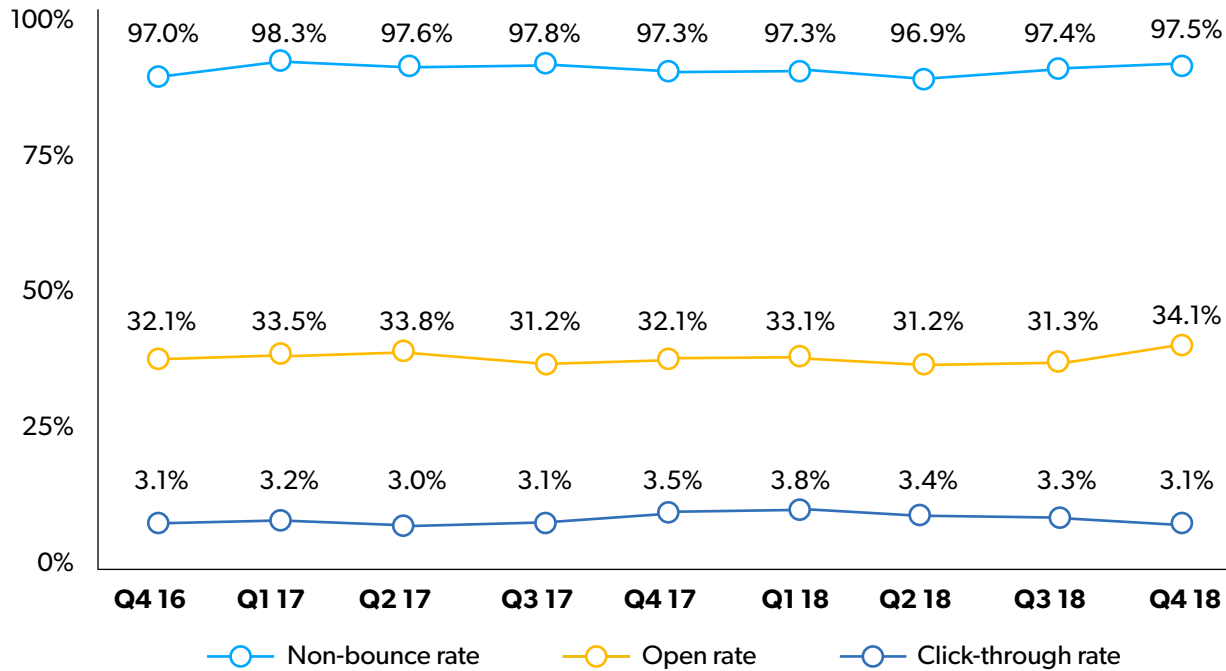
BUSINESS-AS-USUAL
EMAIL TRENDS

Business-as-usual (BAU) email has stayed relatively stable over time. Personalization is crucial to better email performance, and especially important in Q4 when generic holiday promotions flood people's inboxes. Instead of sending "batch and blast" emails, marketers need to be thoughtful when evaluating their planning calendars. Is what they are sharing purposeful? Is it truly personal for the individual? BAU communication needs to be one-to-one in every aspect, including device affinity, type of content and even email content distribution.

BUSINESS-AS-USUAL (BAU) EMAIL TRENDS

The Q4 2018 email trends and benchmarks report analyzed performance trends by industry and message type for BAU email. This study was compiled from 20.7 billion emails sent between October and December 2018, across multiple industries and to approximately 170 Epsilon clients on the Agility Harmony platform. These metrics offer insight into the performance of the average company's email campaigns.

Q4 2018 BAU non-bounce rates, open rates and click-through rates

Chart legend: Non-bounce rate, Open rate, Click-through rate

	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Non-bounce rate	97.0%	98.3%	97.6%	97.8%	97.3%	97.3%	96.9%	97.4%	97.5%
Open rate	32.1%	33.5%	33.8%	31.2%	32.1%	33.1%	31.2%	31.3%	34.1%
Click-through rate	3.1%	3.2%	3.0%	3.1%	3.5%	3.8%	3.4%	3.3%	3.1%

Q4 2018 BAU non-bounce rates, open rates and click-through rates

Open rates:
29.4%, slightly lower than prior quarter (31.3%) and YoY (32.1%).

Q4 has a higher volume than any other time of year due to holiday promotions, so it's typical to see a lower open rate at this time.

Q4 2018 also had a higher volume than YoY (20.7 billion vs. 18.4 billion).

Click-through rates:
3.2%, consistent with prior quarter (3.3%)

Q4 2018 BAU unique open and click-through rates

19.3%	19.8%	19.0%	19.9%	20.2%	20.5%	19.4%	20.2%	19.3%
2.3%	2.3%	2.0%	2.2%	2.5%	2.6%	2.3%	2.4%	2.1%
Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18

○ Unique click-through rate   ○ Unique open rate
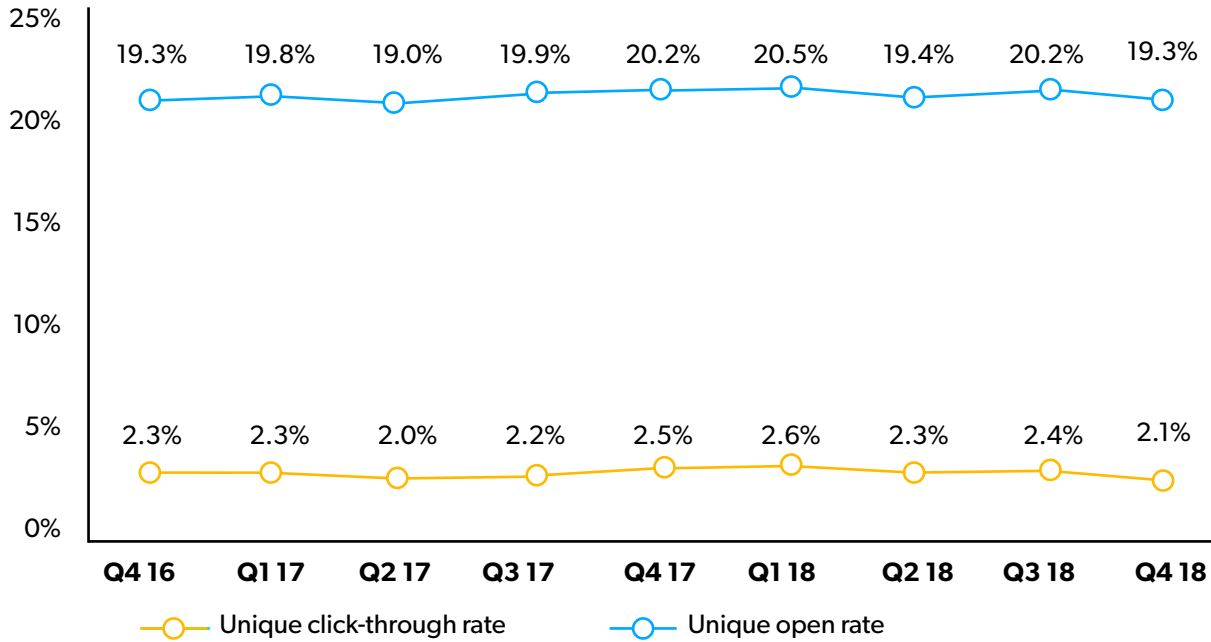
Q4 2018 BAU unique open and click-through rates

Unique open rates:
19.3%, a slight decrease over prior quarter (20.2%) and YoY (20.2%)

Unique click-through rates:
2.1%, a slight decrease over prior quarter (2.4%) and YoY (2.5%)

Q4 2018 BAU non-bounce rates, open rates and click-through rates

Industry	Non-bounce	Open rate	Click-through rate	Click-to-open rate	Unique open rate	Unique click-through rate	Unique click-to-open rate
Automotive	97.4%	42.6%	3.9%	9.2%	26.3%	2.8%	10.7%
Business products and services	93.6%	21.7%	2.2%	10.0%	13.1%	1.3%	10.1%
Consumer products/CPG	99.1%	16.7%	2.1%	12.6%	12.2%	1.5%	12.4%
Consumer products pharmaceutical	95.1%	18.5%	3.2%	17.4%	12.1%	2.0%	16.5%
Consumer and business publishing/media general	98.9%	22.4%	4.1%	18.3%	16.8%	2.8%	16.7%
Consumer services general	97.7%	29.3%	3.1%	10.5%	20.0%	2.0%	10.1%
Consumer services telecom	98.1%	21.4%	0.9%	4.2%	15.9%	0.7%	4.3%
Financial services CC/banks	99.0%	49.5%	3.1%	6.2%	31.9%	2.4%	7.4%
Financial services general	98.3%	39.8%	4.3%	10.7%	23.1%	2.4%	10.3%
Retail	98.3%	20.8%	2.4%	11.8%	14.9%	1.7%	11.5%
Travel/hospitality travel services	97.0%	27.9%	3.6%	13.0%	17.9%	2.5%	14.0%

Blue or red text indicates an increase (blue) or decrease (red) by 5% or more over Prior Year.

Q4 2018 BAU rates by industry that experienced a greater than 5% increase in all metrics YoY.

Open rate
- Business products pharmaceutical
- Consumer and business publishing/media general
- Consumer services general

Click-through rate
- Business products pharmaceutical
- Consumer and business publishing/media general

Click-to-open rate
- Business products and service general
- Retail

Unique open rates
- Automotive
- Consumer products pharmaceutical
- Consumer and business publishing/media general
- Consumer services general

Q4 2018 BAU metrics by message type

*Message type	Unique open rate	Unique click-through rate	Unique click-to-open rate	Percent delivered in Q3 18
Editorial/newsletter	12.3%	2.6%	21.0%	11.68%
Legal	27.5%	1.1%	3.9%	0.11%
Marketing	11.5%	0.8%	6.9%	81.52%
Reactivation/reengagement	9.3%	0.7%	7.6%	0.04%
Research/survey	14.3%	2.2%	15.5%	0.13%
Service	21.6%	2.6%	12.0%	0.13%
Other	23.4%	2.5%	10.5%	2.82%

Delivered in Q4 2018

81.5% **Marketing**

11.7% **Editorial/ newsletter**

2.8% **Other**

3.7% **Service**

Q4 2018 BAU metrics by message type

82% of emails delivered through Agility Harmony were tagged as marketing messages, which is much higher than the previous quarter (74%). The high volume of holiday promotions means marketers are competing for attention in the inbox and need better ways to stand out.

*Message types are based on email deployed from Epsilon's Agility Harmony platform and defined by the person creating the campaigns, which may not be the same at your company.

BAU message types by industry

Industry	*Message type	Open rate	Click through	Click-to-open rate	Percentage of total delivered in industry
Automotive	Editorial/newsletter	13.7%	0.8%%	6.0%	0.0%
	Marketing	19.1%	1.9%	10.0%	81.8%
	Research/survey	42.1%	14.7%	34.9%	0.0%
	Service	36.5%	3.7%	10.1%	2.9%
	Other	15.2%	2.6%	8.9%	15.3%
Business products and services general	Marketing	9.8%	0.7%	6.9%	96.4%
	Reactivation/ reengagement	5.7%	0.5%	8.7%	0.0%
	Research/survey	11.3%	1.2%	11.0%	0.8%
	Service	16.5%	3.2%	19.2%	0.0%
	Other	15.2%	2.6%	17.1%	2.8%
Consumer and business publishing/ media general	Editorial/newsletter	12.1%	2.7%	22.0%	69.1%
	Marketing	11.2%	0.6%	5.1%	28.5%
	Reactivation/ reengagement	14.0%	2.4%	16.7%	0.0%
	Research/survey	26.4%	7.1%	26.7%	0.0%
	Service	10.5%	1.0%	9.1%	0.5%
	Other	11.1%	0.7%	6.7%	1.9%

BAU message types by industry (cont.)

Industry	*Message type	Open rate	Click-through rate	Click-to-open rate	Percentage of total delivered in industry
Consumer products/CPG	Editorial/newsletter	16.2%	2.2%	13.5%	5.7%
	Marketing	11.7%	1.1%	9.5%	84.3%
	Other	15.9%	2.3%	14.4%	10.0%
Consumer products pharmaceutical	Editorial/newsletter	14.4%	2.4%	16.4%	1.9%
	Marketing	9.7%	1.0%	10.0%	98.0%
	Research/survey	12.5%	0.8%	6.8%	0.0%
	Other	25.6%	2.1%	8.2%	0.1%
Consumer services general	Editorial/newsletter	20.9%	2.5%	11.7%	0.0%
	Marketing	20.2%	1.4%	7.0%	96.8%
	Reactivation/reengagement	25.9%	1.3%	4.9%	0.0%
	Service	39.8%	13.6%	34.1%	0.4%
	Other	17.2%	1.4%	8.0%	2.7%
Consumer services telecom	Marketing	18.9%	0.8%	4.5%	91.3%
	Reactivation/reengagement	31.7%	3.0%	9.3%	0.2%
	Other	15.1%	0.6%	4.0%	8.5%

BAU message types by industry (cont.)

Industry	*Message type	Open rate	Click-through rate	Click-to-open rate	Percentage of total delivered in industry
Financial services CC/banks	Editorial/newsletter	21.6%	1.2%	5.7%	0.1%
	Marketing	24.2%	1.7%	6.9%	70.7%
	Reactivation/ reengagement	27.5%	0.4%	1.6%	0.0%
	Research/survey	19.7%	0.9%	4.4%	0.2%
	Service	37.5%	6.5%	17.2%	22.1%
	Other	29.3%	2.1%	7.3%	6.9%
Financial services general	Editorial/newsletter	31.0%	3.0%	9.7%	0.1%
	Legal	27.5%	1.1%	3.9%	0.9%
	Marketing	13.0%	0.5%	3.7%	75.8%
	Reactivation/ reengagement	29.8%	4.4%	14.8%	0.0%
	Research/survey	23.9%	2.5%	10.3%	0.0%
	Service	13.1%	0.5%	4.1%	18.7%
	Other	22.8%	4.2%	18.5%	4.6%

BAU message types by industry (cont.)

Industry	*Message type	Open rate	Click-through rate	Click-to-open rate	Percentage of total delivered in industry
Retail	Editorial/newsletter	12.2%	1.4%	11.8%	1.7%
	Marketing	9.8%	0.7%	7.6%	96.3%
	Reactivation/ reengagement	8.6%	0.6%	6.9%	0.1%
	Research/survey	14.3%	2.5%	17.5%	0.2%
	Service	18.5%	1.0%	5.2%	0.1%
	Other	26.4%	2.3%	8.9%	1.7%
Travel/hospitality travel services	Marketing	18.6%	1.0%	5.2%	88.7%
	Service	17.9%	1.9%	10.6%	0.0%
	Other	21.5%	2.0%	9.1%	11.3%

*Message types are based on email deployed from Epsilon's Agility Harmony platform and defined by the person creating the campaigns, which may not be the same at your company.
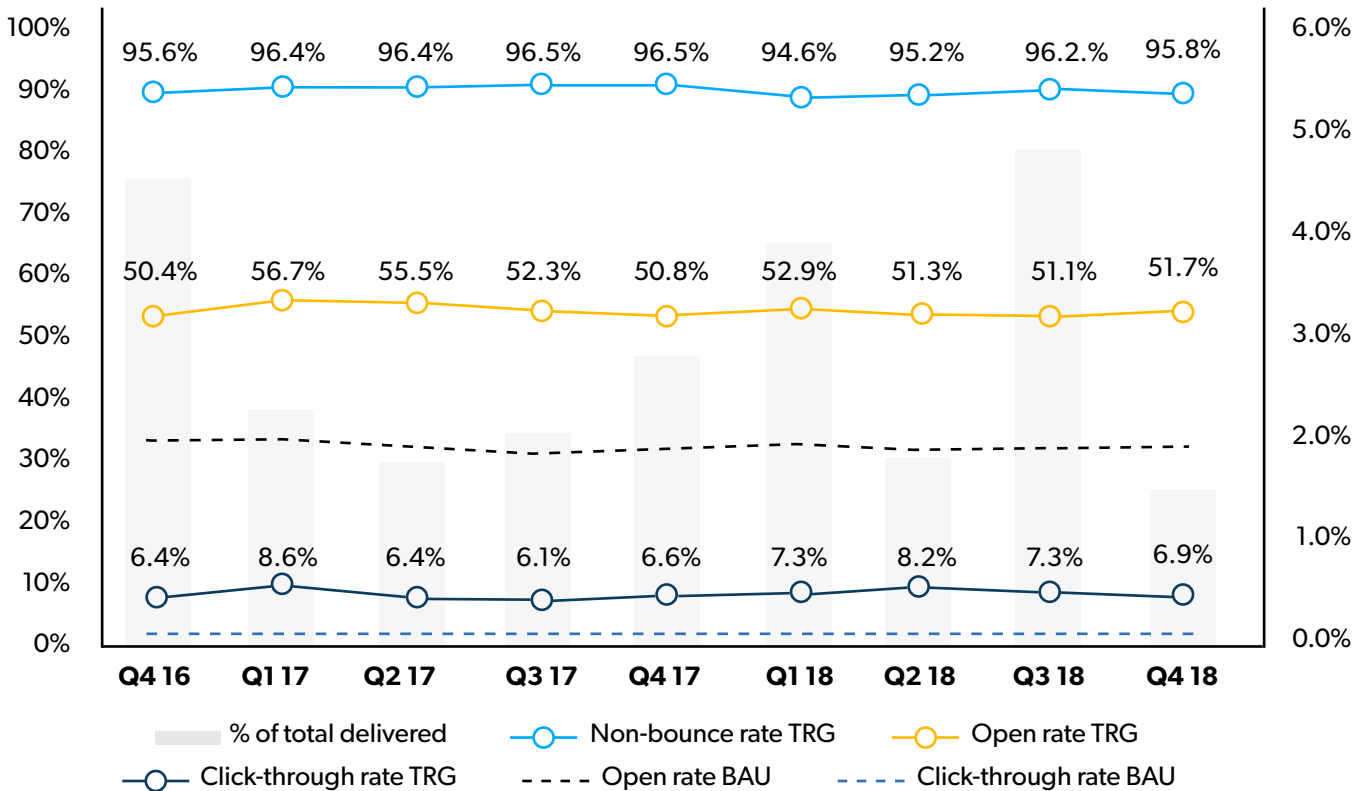
TRIGGERED
EMAIL TRENDS

Triggered email metrics consistently outperform BAU email.
Though delivered at a lower rate, they're much more personalized.
People tend to open them because they are delivered based on
individuals' actions, and therefore highly relevant, which is crucial
during the cluttered holiday season.

TRIGGERED EMAIL TRENDS

These trends are compiled from approximately 4.4 billion triggered emails sent between October 2016 and December 2018, across multiple industries. These messages were sent as a result of consumer activities such as signups and purchases. Because of the lower volumes reported, we expect to see quarterly fluctuations as clients market to consumers in different ways throughout the year.

Triggered email activity rate trends

Q4 2018 triggered non-bounce, open and click-through rates

Triggered messages: Accounted for **1.6% of total message volume.** The decrease was a result of our increase in overall email volume.

Non-bounce rates: Continued to drive strong results for Agility Harmony clients, only **1.8% lower than BAU** (doesn't account for inbox delivery)

Triggered open rates: **76.0% higher than BAU,** higher than YoY (58.3% over BAU)

Triggered click-through rates: Continues to perform well at **6.9%,** more than doubles BAU (3.2%) at a 117.8% lift

Triggered email performance by industry

Q4 2018 North American industry	Non-bounce	Open rate	Click-through rate
Business products and services	96.4%	55.0%	5.3%
Consumer products/CPG	95.1%	45.3%	8.2%
Consumer products pharmaceutical	92.6%	47.4%	10.8%
Consumer and business publishing/media general	97.7%	42.7%	6.8%
Consumer services general	97.3%	41.1%	5.9%
Consumer services telecom	95.6%	50.1%	7.0%
Financial services CC/banks	98.0%	66.1%	3.5%
Financial services general	91.4%	57.2%	4.1%
Retail general	97.4%	48.6%	6.6%
Travel/hospitality travel services	94.6%	69.6%	10.0%

METHODOLOGY
& DEFINITIONS

METHODOLOGY

The performance metrics in this report examine averages across all North American companies within a category. The averages are unweighted and don't reflect mail volume for any one company; they're a measure of average company performance in the category, removing the effect that large mailers can have on category averages.

Note that this benchmark data should only be used as a guide, and individual results will vary. Unless otherwise stated, all results are aggregated.

Metrics used in this report are defined as follows:

- BAU: Business-as-usual messages
- Triggered: Emails that were sent as a result of consumer activities, and include messages such as a welcome, thank you and confirmation
- Bounce rate: Bounced and undelivered emails divided by emails sent
- Non-bounce rate: 1 minus bounce rate; calculation doesn't include ISP or inbox filtering

- Open rate: Total opens divided by emails delivered
- Unique open rate: Unique opens divided by emails delivered
- Click-through rate: Total clicks divided by emails delivered
- Unique click-through rate: Unique clicks divided by emails delivered
- Unique clicks: Unique clickers in the Harmony platform
- Click-to-open rate: Total clicks divided by total opens

Message type used in this report are defined as follows:

- Acquisition: Used to acquire new email addresses
- Editorial: Consists primarily of articles, critiques, commentary, news or opinions
- Legal: Contains legal information or notification for clients (e.g. product recall notice)
- Marketing: Contains merchandise information and incentives for purchasing

- Newsletter: Contains a regularly distributed publication, generally about one main topic
- Other: Content that doesn't fit any other categories
- Research /surveys: Conducts research on subscribers; the template may contain a survey
- Service: Provides subscriber-requested information, such as bank statements or service reminders

ABOUT EPSILON-CONVERSANT

Epsilon-Conversant is a leader in interaction management, empowering brands to transform ordinary customer experiences into meaningful, human experiences. Our connected suite of products and services combine leading-edge identity management, industrial strength data and technology expertise with big brand acumen gained over five decades working with the industry's top brands. Our human-powered, data-led marketing delivers unmatched depth, breadth and scale to help brands turn meaningful human interactions into exceptional business outcomes. Epsilon-Conversant employs over 8,000 associates in 87 offices worldwide. For more information, visit **www.epsilonconversant.com.** Follow us on Twitter at **@EpsilonMktg** and at **@Conversant.**

EPSILON®