

Quarterly email benchmark report

Q4 2013 — October, November, December



Q4 2013 email benchmark report

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Q4 2013 Executive summary

The following report details the overall email marketing trends for the fourth quarter of 2013 as well as the key performance indicators (KPIs) that shaped the success of Experian Marketing Services clients' email programs over the past two years.

Email volume rose by 11.2 percent in Q4 2013 compared to Q4 2012.

- Unique open rates were 16.4% in Q4 2013, just slightly ahead of the 16.3% seen in 2012.
- Unique click rates were 2.1 percent in Q4 2013, declining from 2.5 percent seen in Q4 2012.
- Revenue per email was \$0.10 in Q4 2013 compared to \$0.09 in Q3 2013, but down from the \$0.14 last year. However, average order values stayed the same year-over-year.

This month in the spotlight on section we look at coupons in emails:

- This past holiday season, there was a 50 percent year-over-year increase in the number of campaigns with coupons.
- Emails with coupons have higher open, click, and transactions rates, and have revenue per email that is 48 percent higher than other promotional emails.
- Coupons provide a means of offering cross-channel promotions, and allow customers to choose the venue for their transactions, including in-store, online, and mobile, thus customizing the consumer experience.

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A spotlight on: Email coupons

For decades, brands have fought to stand out in a crowd of advertisers by offering coupons for discounts on products and services. For consumers, “couponing” has even become a tradition, with many reading the Sunday paper with scissors nearby to cut coupons with the best deals and offers. There are even wallets sold just to hold coupons, boxes to organize them, coupon-only direct mail fliers and coupon clubs.

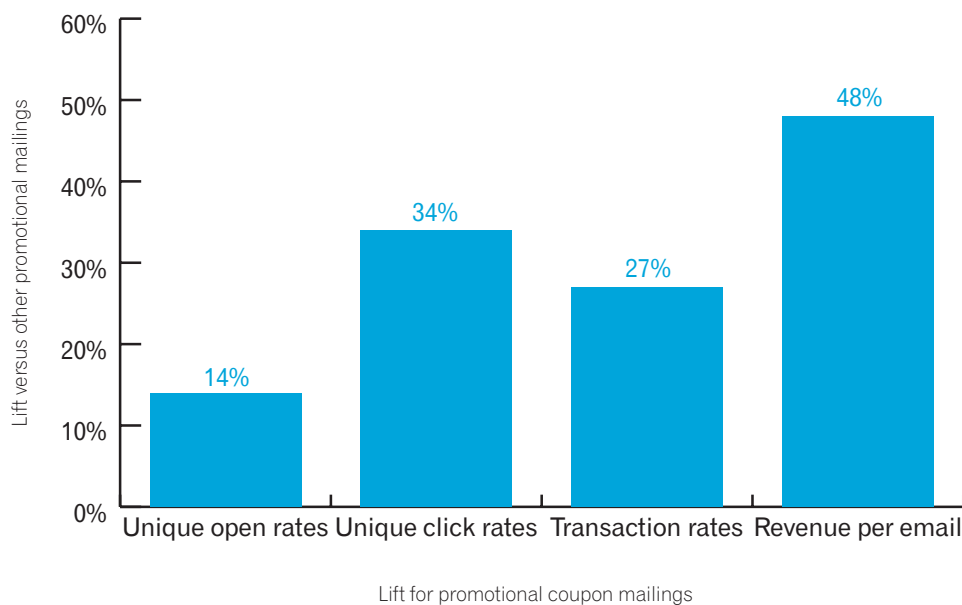
Of course, coupons are not only limited to print. There are dozens of coupon Web sites offering coupons for many brands, as well as brand-specific sites with the latest coupon of the day or week.

Coupons and special offers are also commonly delivered via email, and as part of Experian Marketing Services' 2013 holiday season email trends and analysis study, we found a 50 percent year-over-year increase in the number of campaigns offering coupons. To better understand this increase in coupon popularity, we identified over fifty brands using coupons in their email campaigns (sent during October and November, 2013) and tracked their performance.

High performance

Email campaigns with coupons outperformed other promotional mailings on open, click, and transaction rates, and had 48 percent higher revenue per email (\$0.10 for coupon mailings compared to \$0.07 for other promotional mailings).

Emails with coupons outperformed other promotional mailings



Source: Experian Marketing Services

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Tip: Couple welcome mailings with coupons

Coupons are not only effective in promotional mailings. Welcome email campaigns with coupons had 2.5 X higher transaction rates than welcome mailings without coupons.

Emails offer coupons that can be redeemed online only, in-store only, or both online and in-store. Coupons that are redeemable in-store were the most frequent redemption type offered, as 80 percent of the coupons we reviewed were able to be redeemed in-store, while 70 percent were able to be redeemed online.

Mobile matters

As the percent of emails opened on mobile devices continues to rise, the added flexibility of redeeming coupons from these devices is a great way to encourage in-store visits in real-time, as opposed to first having to print out the coupon and then go to a store. In fact, this year, 21 percent of the in-store coupons emailed encouraged customers to show the coupon in-store on their mobile device.

3 ways to redeem emailed coupons

In-store

Print this email and bring it to our store



Online

Enter the promo code shown above during checkout online



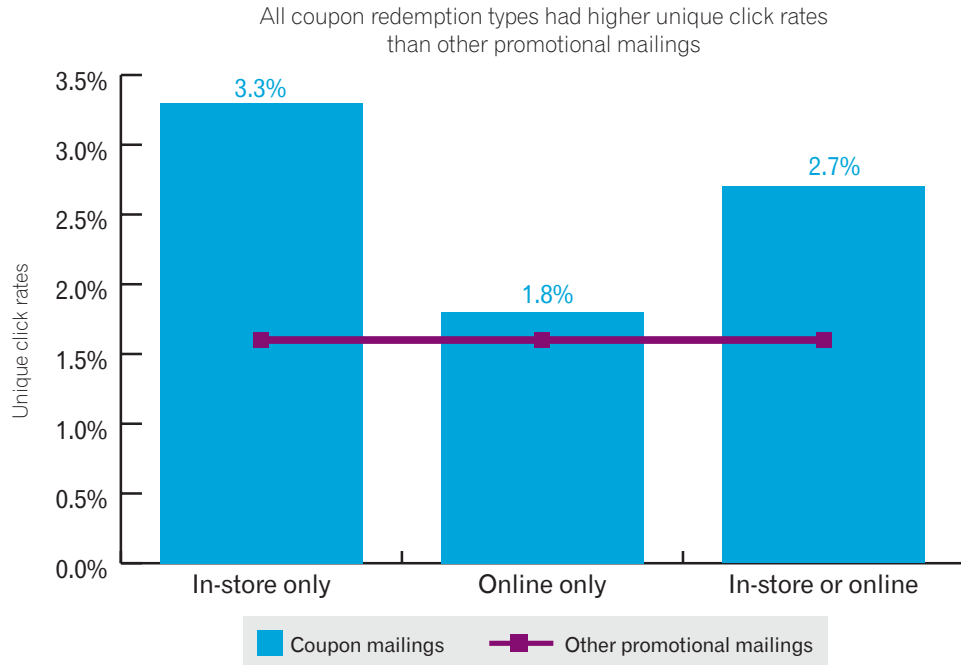
Mobile

Bring your smartphone to our store and show this email to an associate



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Whether for online or in-store redemption, all coupon types had higher click rates than other promotional mailings.

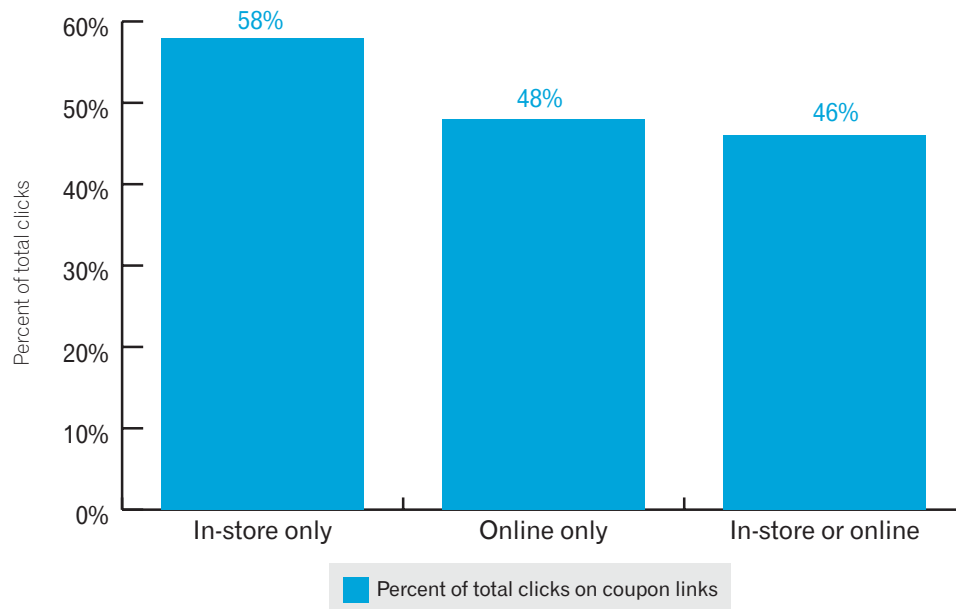


Source: Experian Marketing Services

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To see the role coupons play in driving these higher click rates, we analyzed the total clicks received on the coupon links within each mailing (coupon clicks/total clicks per mailing). Fifty-eight percent of the clicks for mailings with in-store only coupons came from the coupon link.

Coupons are clearly major contributors to click rates



Source: Experian Marketing Services

Coupons drive online transactions

Coupons contribute to transactions as well. In emails with online only coupons, 46 percent of transactions were generated via the coupon link.

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Offers

Test the offer value of your coupons in order to preserve as much margin as you can. While deep discount coupons offering 50 percent off or more play a large role in late holiday mailings, coupons offering lesser amounts can also be very effective throughout the holiday season and the rest of the year.

	\$ off coupons	% off coupons
Most popular	\$10 off	20% off
Best unique click rates Compared to 1.5% unique click rate for other promotional mailings	\$10 off Click rate: 2.80% ▲ 86% higher	20% off Click rate: 2.50% ▲ 66% higher
Best transaction rates Compared to 0.06% transaction rate for other promotional mailings	\$5 off Trans. rate: 0.12% ▲ 2X higher	15% off Trans. rate: 0.13% ▲ 2X higher

Source: Experian Marketing Services

Coupons are a valuable option for email campaigns

Given the high user engagement associated with coupons in email, it is easy to understand why coupons were offered more frequently this past holiday season:

- Coupons outperformed other promotional mailings on open, click, and transaction rates, as well as revenue per email.
- Coupons provide a means of offering cross-channel promotions, and allow customers to choose the venue for their transactions.
- Recognizing email coupons on mobile devices, as well as in print, further customizes the purchase experience for the consumer.
- While the best coupon offers will vary by brand and product, coupons do not have to provide deep discounts in order to perform well. Offers as low as \$5.00 off have had high transaction rates and it is worthwhile to test coupon price points to optimize campaign revenue.

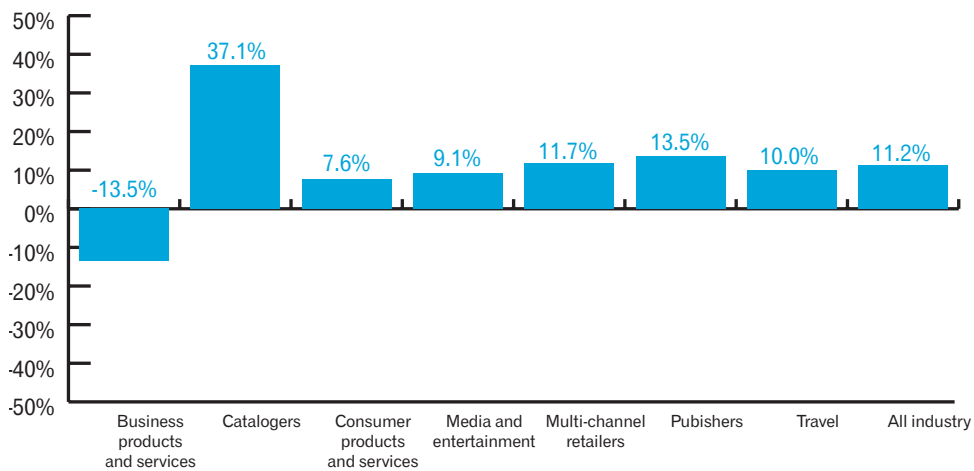
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Q4 2013 benchmarks

Year-over-year volume comparison

The following benchmarks report on the year-over-year (YOY) trends for the fourth quarter of 2013 compared to the fourth quarter of 2012. This quarter email volume rose by 11.2 percent compared to the same quarter last year (Q4 2012).

Volume variance YOY Q4 2013 versus Q4 2012

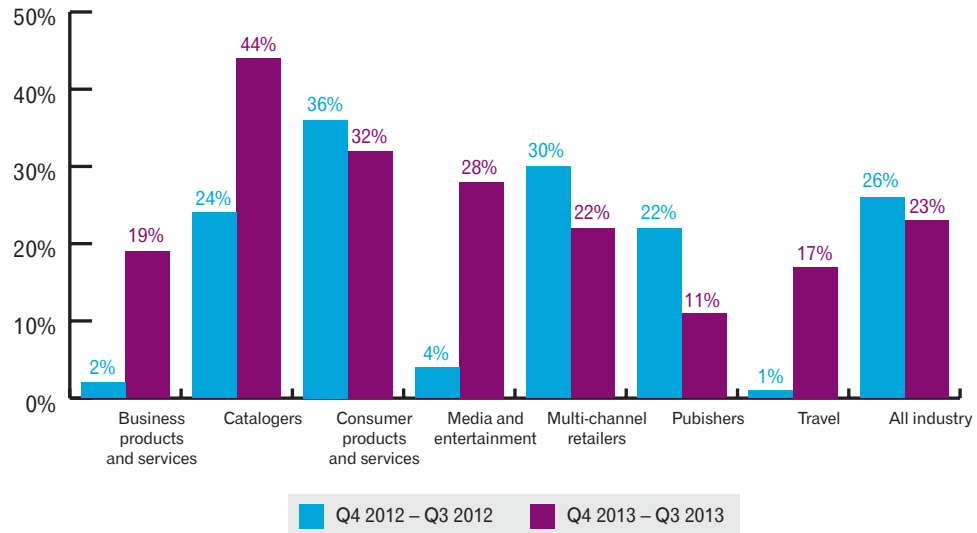


- As seen in the past two quarters, catalogers had the highest gain in volume, as one hundred percent (100%) of brands increased mailings in Q4 2013.
- While overall business products and services brands had a year-over-year decrease in volume, 56 percent of the brands actually had volume increases.
- Two-thirds of multi-channel retailers and consumer products and services brands had increased year-over-year volume, as did 54 percent of publishers and 61 percent of travel brands.

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Volume variance quarter-to-quarter

Volume variance Q4 compared to Q3 by industry – 2012 and 2013



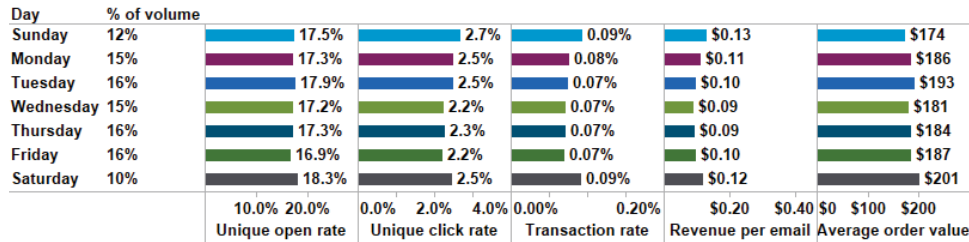
- Catalogers and media and entertainment had the largest volume gains from Q3 to Q4 in 2013 compared to the same time periods in 2012.

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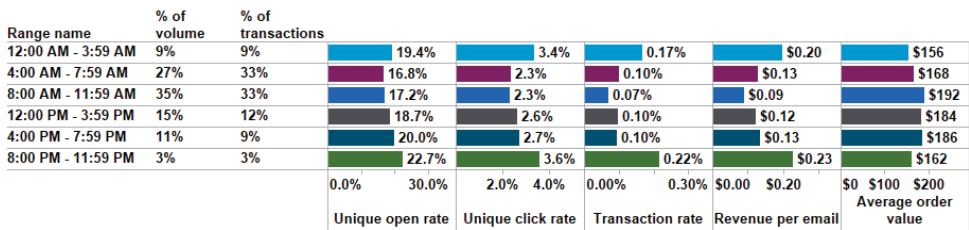
Q4 time of day/day of week

The following graphs show at an aggregate level what was historically observed as the best days and times for an email deployment in Q4 2013.

Day of week performance – All industry Q4 2013



Time of day performance – All industry Q4 2013

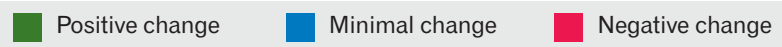


Led by Cyber Monday, Mondays had the highest transaction rates and revenue per email of the weekdays during Q4. Sunday was the stronger weekend day performer with higher open, click, and transaction rates, as well as the highest revenue per email of any day. Volume definitely plays its role in performance metrics by time of day, with the results for very early and very late time periods (midnight to 4:00 AM and 8:00 PM to midnight) being much higher than other times, but having much lower volume. While 27 percent of emails were sent between 4:00 AM and 8:00 AM, this time slot received 33 percent of the transactions, making it a prime period to test more mailings. However, as every company's customers behave differently, it is most likely the case that the optimal day of week and time of day for your email deployments will show a different pattern of performance. It is also important to remember that the data for this aggregate graph is retrospective, not a controlled study.

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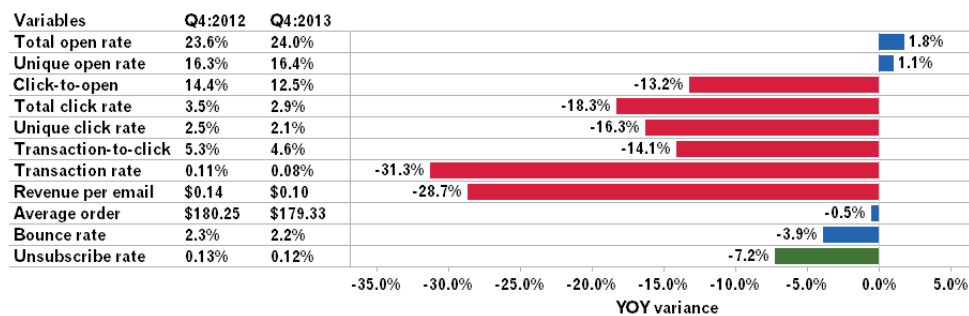
Performance analysis

In order to enhance our understanding of what's happening by industry, we have created views that look at all metrics and compare Q4 year-over-year for 2013 versus 2012. The past eight quarters of historical data is included in the appendix of this report.



All industry

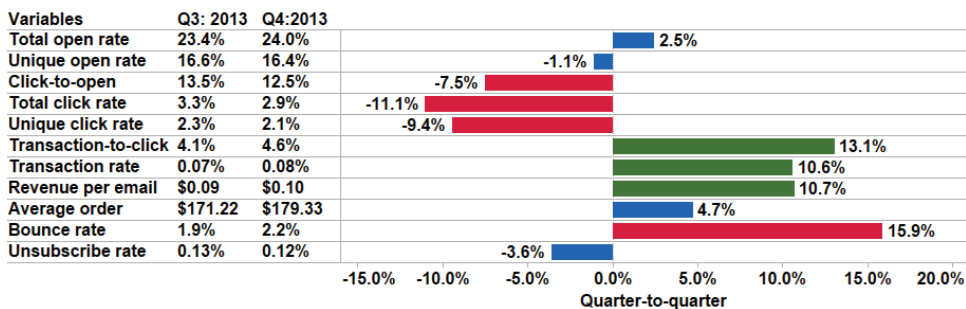
Q4 All industry year-over-year performance analysis



- In Q4 2013 total and unique open rates matched those seen in Q4 2012.
- Click rates were lower year-over-year, as 57 percent of brands had a significant decrease in click rates in Q4 2013 compared to Q4 2012.

All industry quarter-to-quarter

Q4 compared to Q3 all industry performance analysis

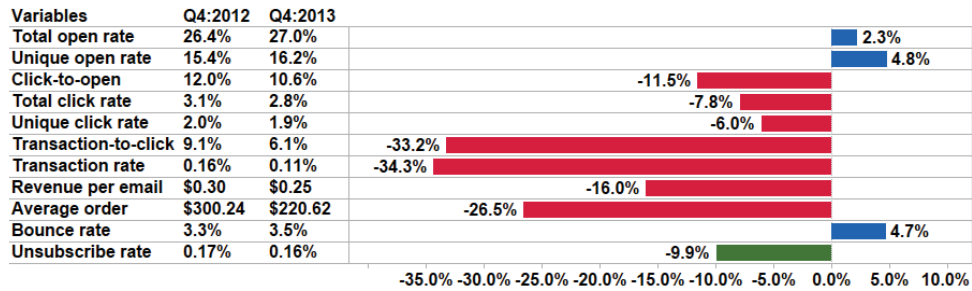


- Although overall transaction rates declined year-over-year in Q4 2013, transaction rates, revenue per email and average order value all increased compared to the previous quarter (Q3 2013).

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Business products and services

Q4 Business products and services year-over-year performance analysis

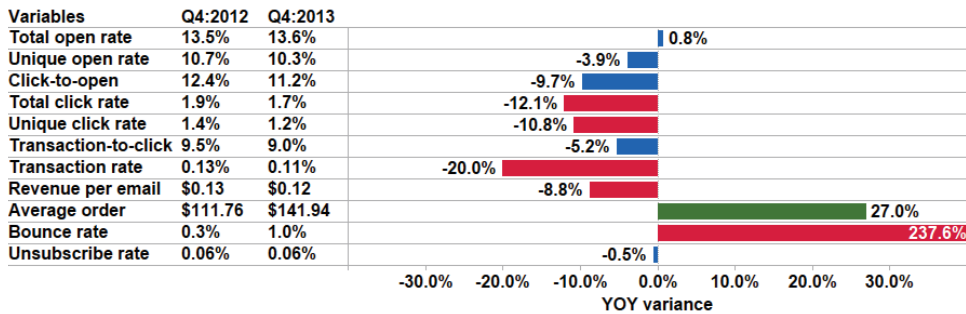


- While transaction rates and revenue per email were down considerably for business products and services in Q4 2013, the decline was not uniform. Fifty percent of brands had significantly positive increases in transaction rates and 67 percent had significantly positive increases in revenue per email compared to Q4 2012.

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Catalogers

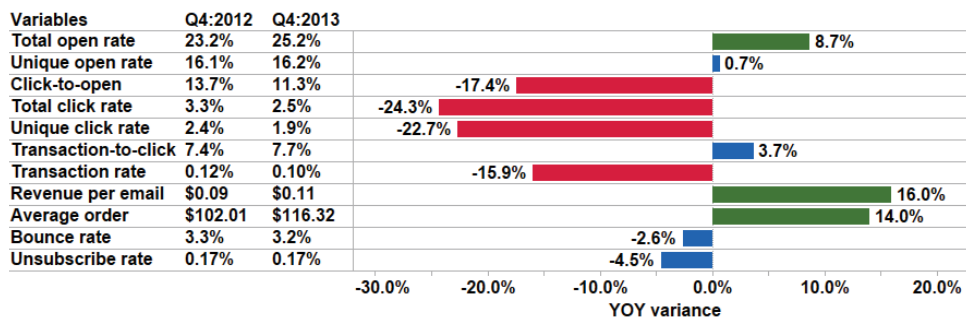
Q4 Catalogers year-over-year performance analysis



- With large increases in volume, year-over-year click and transaction rates declined for catalogers.
- Average order values were much higher in Q4 2013, however, than in Q4 2012.
- Even though the year-over-year bounce rate for catalogers increased over 200 percent, the Q4 2013 bounce rate of 1 percent is still the lowest of any industry in our study.

Consumer products and services

Q4 Consumer products and services year-over-year performance analysis

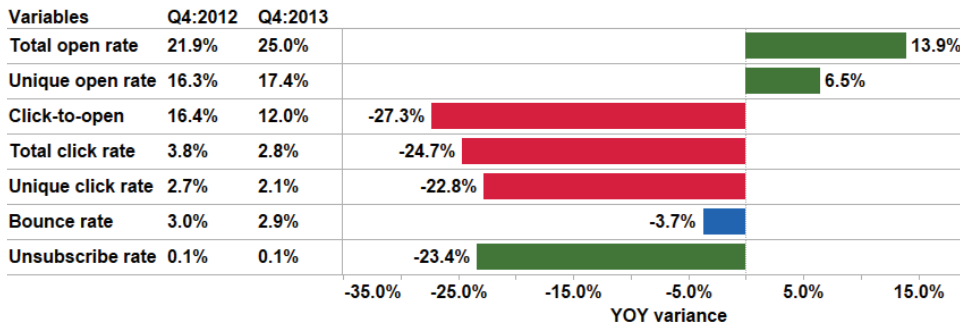


- Open rates rose for consumer products and services, as 55 percent of brands had statistically significant increases in total open rates as compared to Q4 2012.
- Although transaction rates were lower year-over-year, a 14 percent increase in average order values helped boost revenue per email from \$0.09 in 2012 to \$0.11 in Q4 2013.

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Media and entertainment

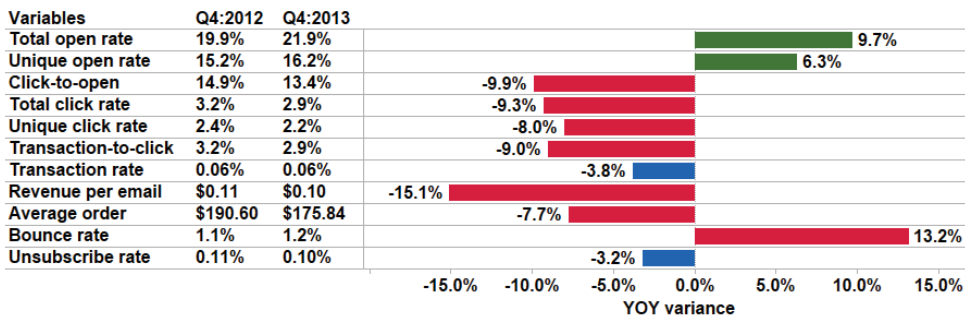
Q4 Media and entertainment year-over-year performance analysis



- While overall year-over-year click rates were lower in Q4 2013, the results were actually mixed, as 46 percent of brands had statistically significant increases in clicks compared to Q4 2012.

Multi-channel retailers

Q4 Multi-channel retailers year-over-year performance analysis

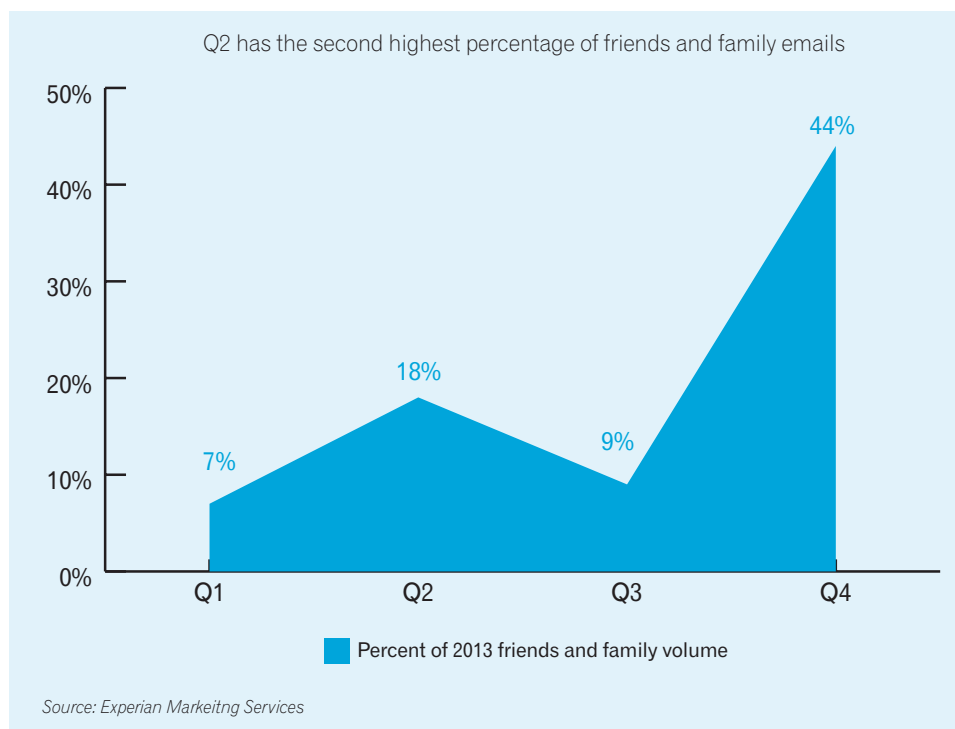


- While multi-channel retailers as a whole showed some decline year-over-year in transaction metrics, 52 percent of multi-channel retailers had statistically significant increases in transaction rates and revenue per email compared to Q4 2012.

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Trend to watch: Get ready for friends and family emails

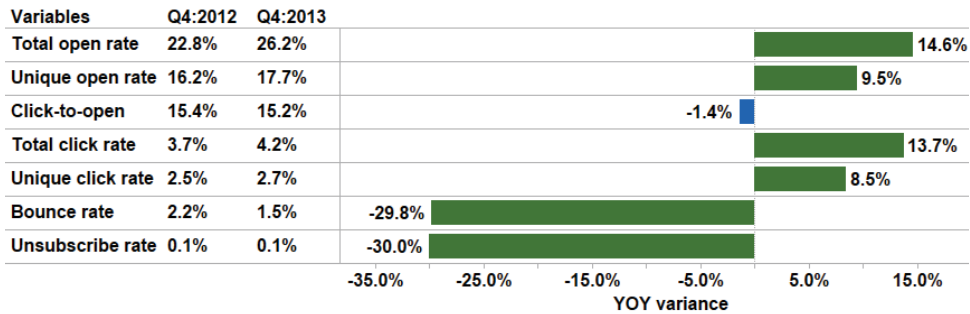
While highly popular during the holiday season, friends and family emails are also sent frequently during the second quarter of the year. In Q2 2013, friends and family emails had transactions rates and revenue per email that were over 75 percent higher than the all industry benchmarks (friends and family transaction rates and revenue per email of 0.14 percent and \$0.20 compared to Q2 benchmarks of 0.08 percent and \$0.11).



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Publishers

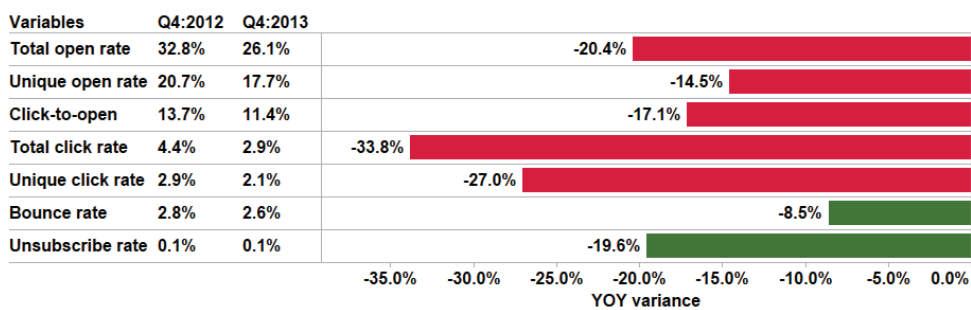
Q4 Publishers retailers year-over-year performance analysis



- Q4 2013 was an excellent quarter for publishers with all metrics either matching or surpassing the 2012 performance.

Travel

Q4 Travel retailers year-over-year performance analysis



- While open rates showed a decline for the travel vertical in Q4 2013, the results are actually mixed, as 67 percent of brands had statistically significant increases in opens compared to Q4 2012.
- Clicks were evenly split with 50 percent of brands showing statistically significant increases and 50 percent showing decreases.

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Appendix I: Metrics definitions

Total opens: All opens recorded for the mailing including multiple opens by the same subscriber. Total open rates are (total opens/received)

Unique opens: The number of unique subscribers that have opened an HTML-formatted message. Unique open rates are (unique opens/received)

Total clicks: Every click on a tracked link, including multiple clicks by a given subscriber. Total click rates are (total clicks/received)

Unique clicks: The number of unique subscribers who have clicked on any link. Unique click rates are (unique clicks/received)

Click-to-open rates: Unique clicks as a percentage of unique opens (unique clicks/unique opens)

Transaction rates: Overall percentage of transactions as related to delivered messages [transactions/(sent - bounced)]. This metric only includes data for clients who have implemented Experian Marketing Services' Track to Purchase functionality

Transaction-to-click rates as: Percentage of transactions compared to the number of unique clicks (transactions/unique clicks). This metric only includes data for clients who have implemented Experian Marketing Services' Track to Purchase functionality

Average order value: Average total amount for each transaction. This metric only includes data for clients who have implemented Experian Marketing Services' Track to Purchase functionality

Revenue per email delivered: Average amount earned for each delivered email [total order/ (sent - bounced)]

Bounce rates: The percentage of subscribers that did not receive a mailing because their email addresses hard bounced (bounce/sent)

Unsubscribe rates: This reflects the total number of subscribers lost as a result of users unsubscribing from the mailing [unique unsubscribers/(sent - bounced)]

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