

Quarterly email benchmark report

Q2 2016 — April, May, June



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Executive summary: Q2 2016

The following report details overall email marketing trends for the second quarter of 2016, as well as the key performance indicators (KPIs) that shaped the year-over-year success of Cross-Channel Marketing's clients' email programs.

Key trends:

- Email volume rose by 17.1 percent in Q2 2016 compared to Q2 2015. Despite the increase in volume, open and transaction rates remained fairly close to the rates seen in Q2 2015.
- The YOY unique click rate declined from 2 percent to 1.8 percent, while the actual number of clicks received in the quarter rose by 7 percent. This marks a decline in click rates for the quarter as the 17 percent increase in volume generated only a 7 percent increase in unique clicks. Accurate targeting, eye-catching creative and insight driven offers are critical strategies for improving click rates which may help offset the impact of volume increases for future mailings.
- Quarter-to-quarter volume remained the same for Q2 compared to Q1 2016, but revenue per email rose from \$0.06 to \$0.07 in Q2.

In this quarter's *spotlight on section*, we identify 5 top strategies for holiday season planning:

- Ensure the quality of subscriber data obtained at the POS
- Use social media programs to optimize engagement across all channels
- Keep creative fresh and consider countdowns as part of your holiday promotions
- Include personalized subject lines and content to optimize connections with your customers
- Make plans for retention programs to keep customer engagement high throughout the year



Spotlight on: Getting ready for the holiday season

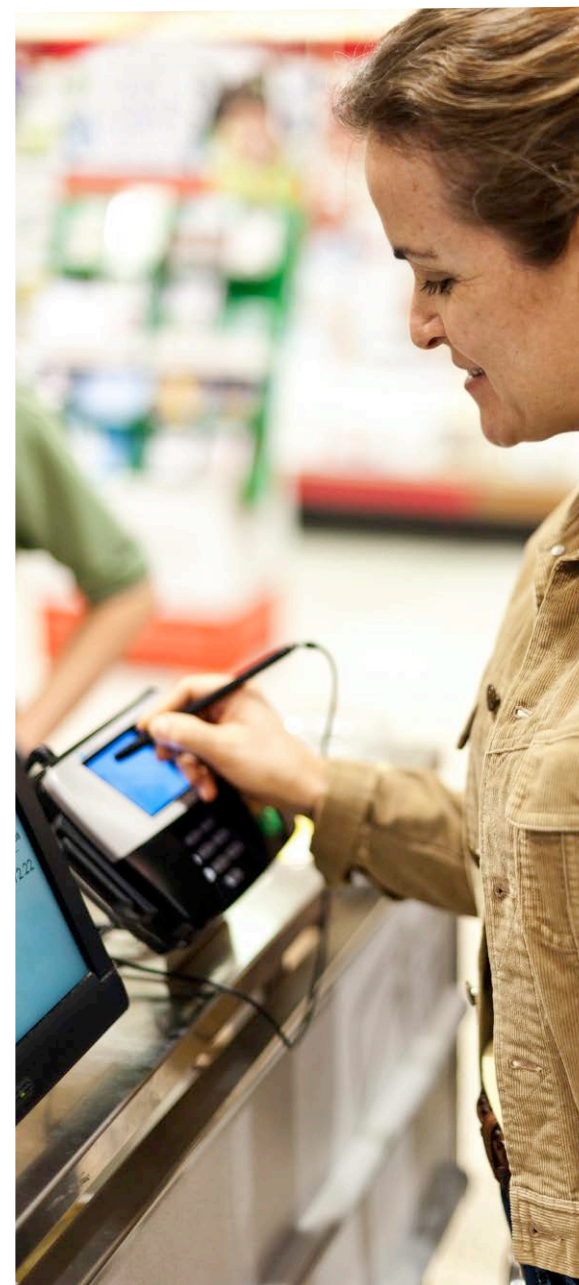
While it may be difficult to turn our attention away from summer vacations, now is the perfect time to start planning for the holiday season. Looking at last year's holiday successes and current marketing trends, we have identified five key strategies to incorporate into your holiday programs.

Subscriber acquisition – Point-of-Sale (POS)

According to Experian Data Quality, the three most common channels to collect customer data are email, websites and point-of-sale. While data quality is important in all channels, the increase in in-store traffic makes POS processes particularly critical during the holiday season. Subscribers obtained at POS are likely to be highly engaged with your brand. Welcome mailings to POS subscribers had 32 percent higher click-to-open rates than those to subscribers from other sources (23.2 percent for POS compared to 17.5 percent for other welcomes). Email transaction rates were lower for POS welcome mailings, however, possibly indicating an in-store preference for these subscribers (transaction rate of 0.07 percent for POS and 0.13 percent for other welcomes).

According to a 2016 joint study with Experian Data Quality and Boston Retail Partners, 86 percent of brands use email addresses to identify their customers. This makes accuracy at POS even more important. POS email collection problems are most often caused by human error, and include incomplete or missing data, duplicate data and outdated information. Fortunately, there are many ways to improve the accuracy of email information collected at POS.

- **Invest in a real-time email validation solution.** Correcting invalid or partially entered emails and eliminating duplicates can greatly reduce bounce rates and add a significant number of valid emails to your list.
- **Train store associates in proper data collection.** Instilling a sense of accountability for good data collection practices can be hard in a fast-paced retail environment. Make sure staff understands how to use the POS technology, how the validation software will integrate into the POS system and the critical importance of good data to the overall business.
- **Have customers themselves verify their email addresses.** If your email validation tool has flagged an inaccurate email address, ask the customer to correct it while they are still engaged at the register.



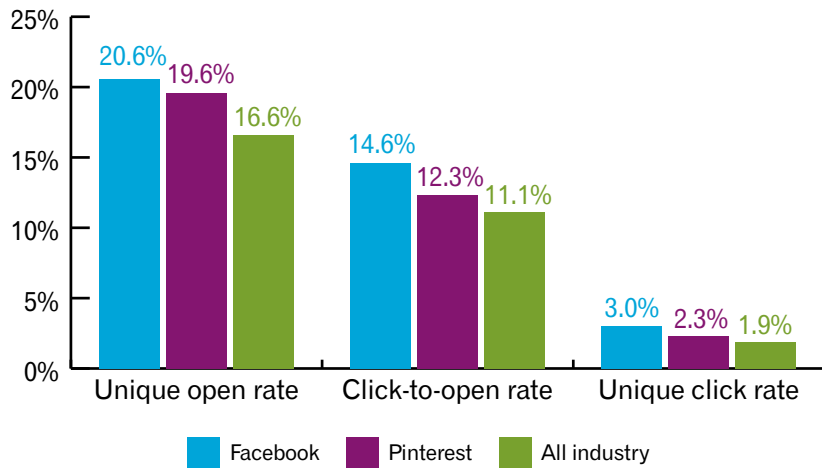


Social media

Not that long ago, a 'social media/email strategy' meant sending emails to ask subscribers to like you on Facebook. Now brands are expected to have a presence on Facebook, Instagram, Pinterest, Snapchat, Twitter and any other trending social media platform.

Targeting subscribers based on their interest in social media can lead to high email engagement. While performances can vary, some emails featuring Instagram favorites had more than double the click-to-open rates of other promotional mailings.

Emails with Facebook or Pinterest in the subject line had higher open and click rates than the all industry average



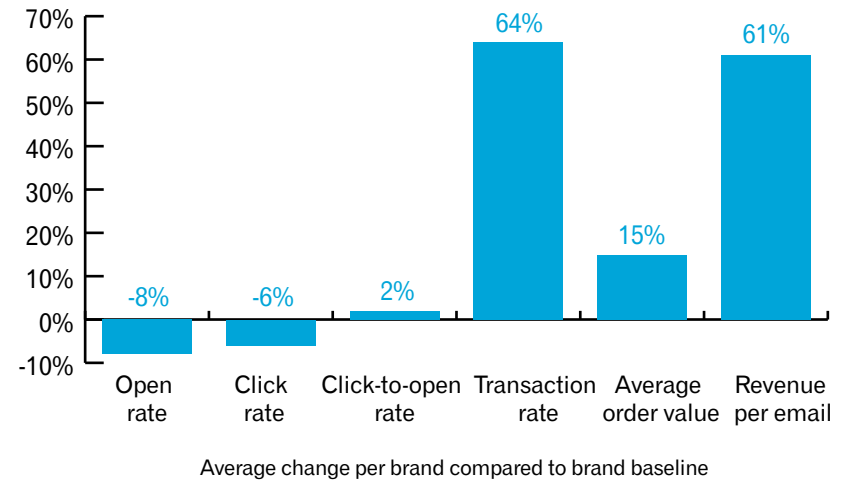
Source: Cross-Channel Marketing

A good social media/email strategy includes the opportunity to sign up for emails on social. Welcome emails sent to segments that subscribed via Facebook had 11 percent higher click-to-open rates than other welcome mailings from the same brands (22 percent for Facebook welcomes compared to 19.9 percent for other welcome mailings), highlighting again the high engagement of subscribers who interact with brands across multiple channels.

Creative content

Fresh creative ideas that add a sense of urgency are an important strategy for holiday campaigns. One highly successful creative strategy that we saw in the 2015 holiday season was the use of countdowns. Whether it was 12 days until Christmas or 5 days until Black Friday, sending an email each day of the countdown increased transactions and sales.

Countdowns were great promotions, encouraging customers to purchase



Source: Cross-Channel Marketing

While day-by-day countdown mailings appeared more frequently, the use of dynamic countdown clocks provided greater overall boosts in performance. Campaigns including dynamic clocks had 41 percent higher click-to-open rates and more than double the transaction rates of other holiday mailings for the same brands.

Countdowns are not limited to emails. Mobile messaging provides a highly effective channel for day-by-day messages for events, holidays and sales. Coordinating these types of campaigns across email, mobile and social channels can increase customer anticipation and engagement.



Make it personal

Including a subscriber's name in the subject line is a great way to boost the performance of promotional mailings. Based on mailings from April 2015 to March 2016, personalized subject lines provided significant increases in unique open rates for brands across many industries.



Source: Cross-Channel Marketing

In addition to higher open rates, personalized subject lines had a 27 percent higher unique click rate, an 11 percent higher click-to-open rate and more than double the transaction rates of other promotional mailings from the same brands.

Including subscriber's names is not the only way to make your email communication personal. A few personalization tactics that have been proven successful include:

- **Dynamically populating product choices** based on the past purchases of the subscriber or any subscriber preferences you may have in your data. Some examples are petite or extra-large sizes, specific styles of clothing, or complimentary products.
- **Triggering emails based on Instagram or Pinterest selections**, connecting social media choices to email opportunities.
- **Customizing subject lines based on browse behavior**, such as "Bedding," "Lighting," "Sleepwear" or "Shoes" are great example lead phrases for a "_____ on Sale Now" subject line.



Retention

While acquisition and sales typically increase during the holiday season, it is also essential to have a strategy to retain these customers throughout the year.

- **Say “Thank you.”** “Thank you for your purchase” mailings (sent in addition to any order confirmations) had twice the open and click rates and 5 times the transaction rate of promotional mailings (0.22 percent transaction rate for thank-you for purchase compared to 0.04 percent for all promotional mailings). Just including the word “thanks” in a subject line may boost response. Promotional campaigns such as “Our way of saying thanks,” also had 2.5 times the transaction rate of other promotional mailings.
- **Know your customers.** Identify your best customers as well as those that are inactive. Whether through structured loyalty programs or segmentation that acknowledges frequent buyers, offering VIP or exclusive experiences to your best buyers is a necessary part of an overall email retention strategy. Equally important is implementing a strategy to reactivate those subscribers who are no longer opening or clicking on emails. Reactivation mailings, such as a series of “We miss you” emails, generated an average transaction rate equal to that of all promotional mailings. In addition to your own response data, you may want to consider investing in third party customer data. Through such programs as Experian Email Insights, you can see which of your subscribers are active with your competitors and thus may be open to reactivation mailings from you.

Summary

Our top five strategies to help you prepare for the holiday season and beyond are:

1. Take steps to ensure the quality of subscriber data obtained at the POS.
2. Coordinate your social media programs with your email and mobile campaigns to optimize engagement across all channels.
3. Freshen your creative and consider a countdown as part of your holiday promotions.
4. Include personalized subject lines and content to connect with your customers throughout the season.
5. Look beyond holiday sales with retention plans to keep your customers engaged throughout the year.

If you would like more information on how Cross-Channel Marketing can help you optimize your holiday marketing strategy, please call 1 844 747 1667 or visit www.experian.com/marketing-services.

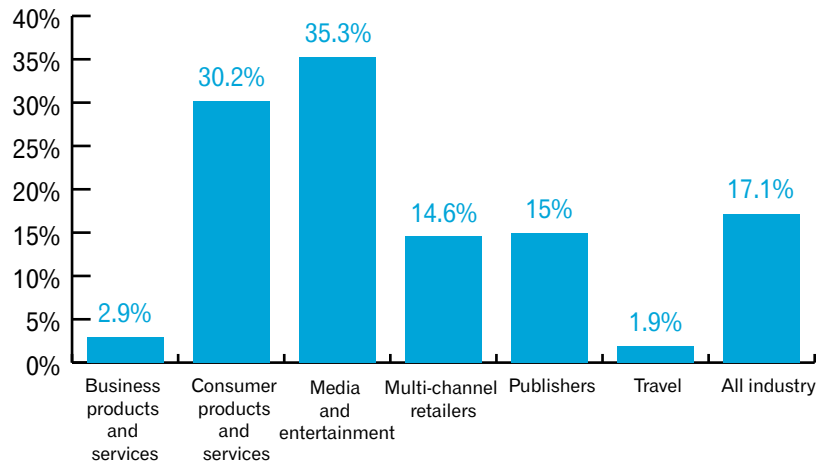


Q2 2016 benchmark volume

Year-over-year volume comparison

The following benchmarks report on the year-over-year (YOY) trends for Q2 2016 compared to Q2 2015. This quarter, email volume rose by 17.1 percent compared to the same quarter last year.

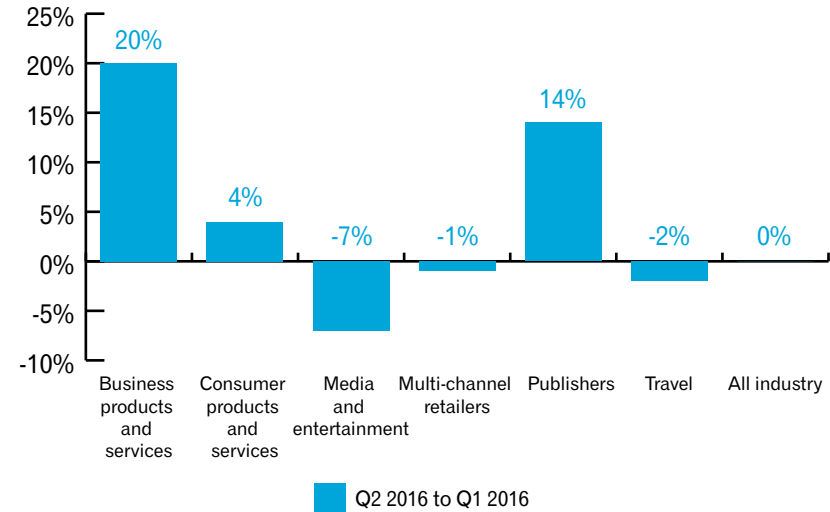
Volume variance by industry – Q2 to Q2 (2016 vs 2015)



Source: Cross-Channel Marketing

- Two-thirds of consumer products and services and 86 percent of media and entertainment brands had YOY gains in volume in Q2.
- While both business products and services, and travel had minimal increases in YOY volume, only about half of the brands in each vertical had volume increases.

Volume variance Q2 2016 compared to Q1 2016 by industry



Source: Cross-Channel Marketing

- Overall volume stayed the same in Q2 compared to Q1 2016,
- While overall volume remained the same, email volume in the business products and services vertical rose 20 percent (led by banking and tax related brands), and online news brands led the volume increase for publishers.

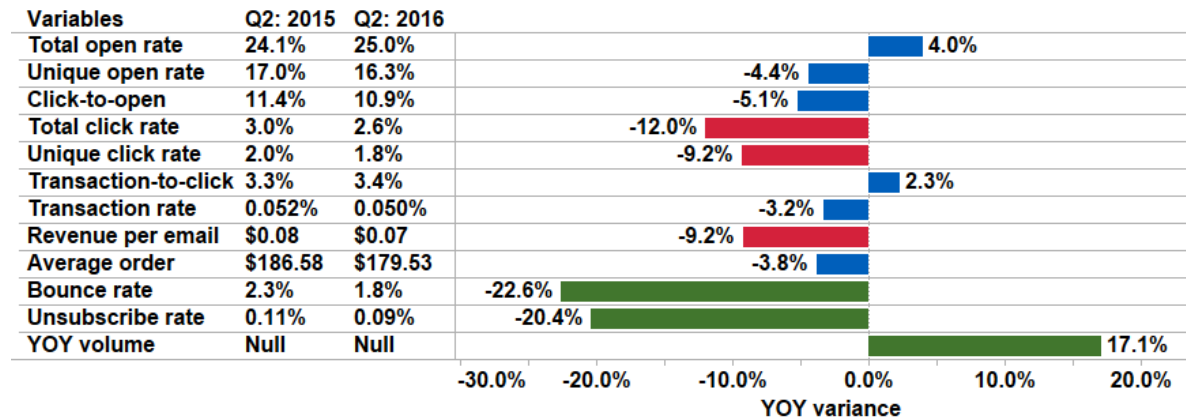


Performance analysis

To enhance our understanding of performance by industry, we have analyzed all Q2 metrics for 2016 versus 2015.

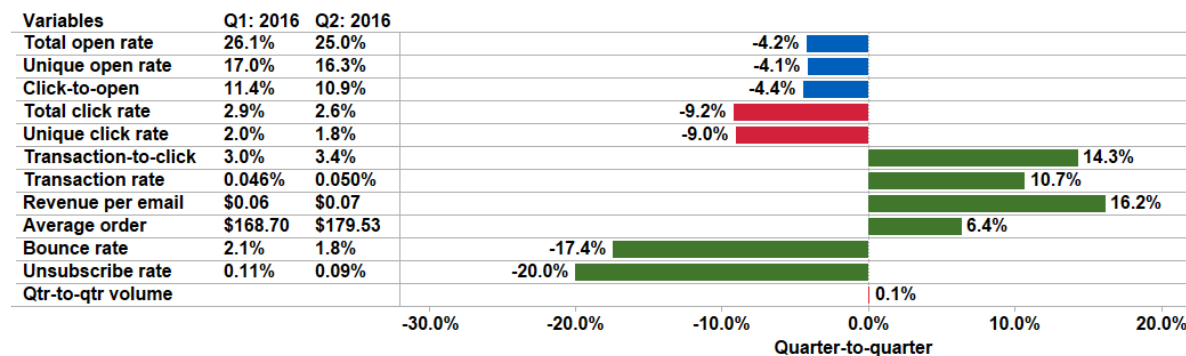
■ Positive change ■ Minimal change ■ Negative change

All industry: Q2 year-over-year performance analysis



- Even as send volume increased, open and transaction rates were similar to the rates seen in Q2 2015.
- While the click rate declined, the total number of clicks received in the quarter rose by 7 percent. The 17 percent increase in volume generated only a 7 percent increase in unique clicks, leading to a decline in click rates. Targeting the correct segment, eye-catching creative and products geared to customer preferences are critical strategies for improving click rates.

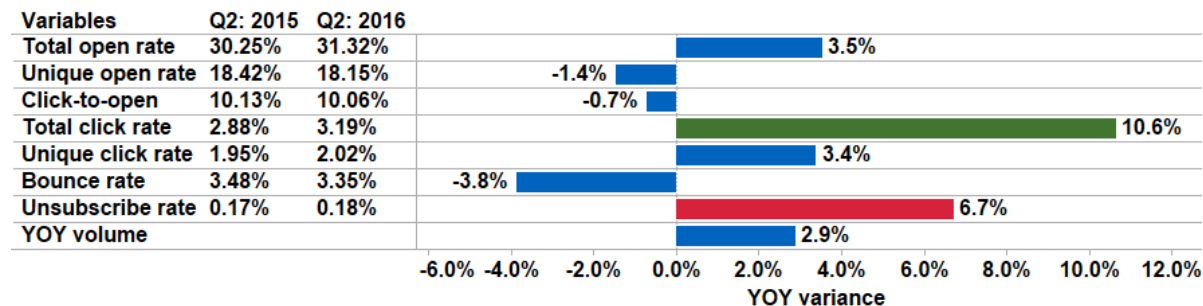
All industry: Q2 2016 compared to Q1 2016 performance analysis



- While quarter-to-quarter volume was the same, the transaction rate and revenue per email were higher in Q2 2016. Beauty brands, department stores and luxury brands had increases in both of these metrics in Q2 compared to Q1 of this year.

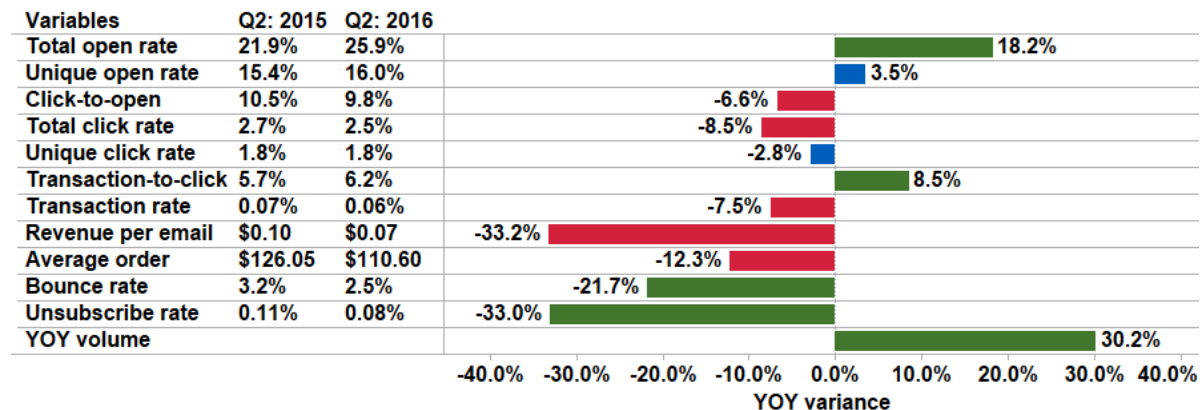


Business products and services: Q2 YOY performance analysis



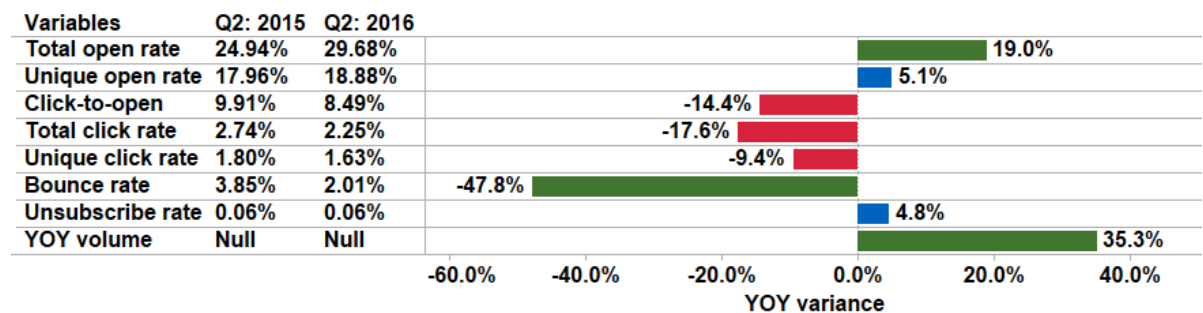
- For business products and services, the YOY unique open and click performance was very similar to that seen in Q2 2015. While the Q2 2016 total click rate rose by more than 10 percent, only 50 percent of the brands had increases in total click rate.

Consumer products and services: Q2 YOY performance analysis



- For consumer products and services, unique open and click rates matched last year's performance, in spite of a 30 percent increase in volume. The increase in volume combined with slight decreases in transaction rates and average order values resulted in lower revenue per email. Beauty products showed declines in transaction rates, while specialty products had lower average order values this quarter.

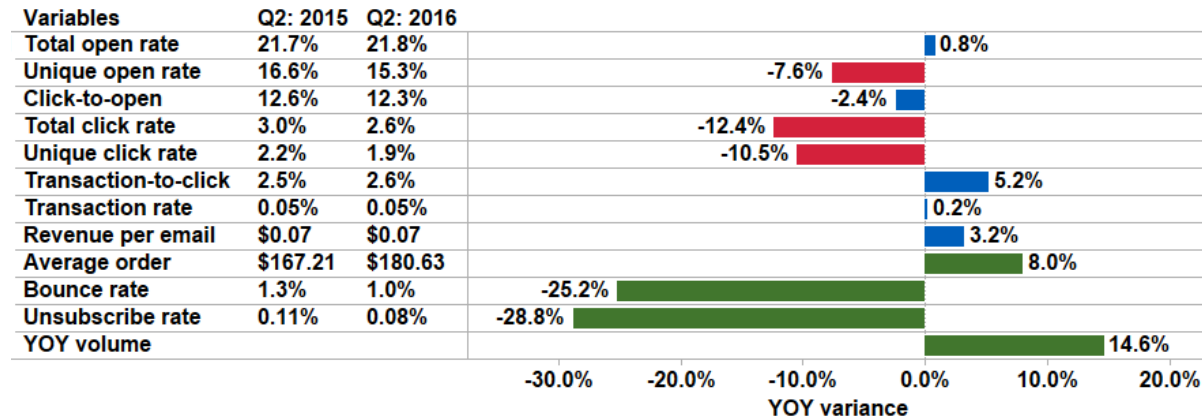
Media and entertainment: Q2 YOY performance analysis



- Q2 YOY total open rates for media and entertainment brands continued to increase as the percentage of opens occurring on mobile devices grew from 50 percent in 2015 to 56 percent in 2016.
- Click rates declined, however, struggling to keep up with the volume increase.

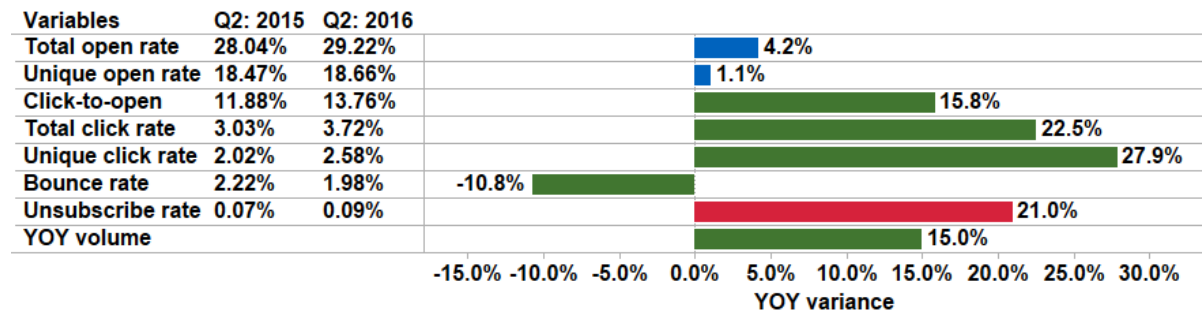


Multi-channel retailers: Q2 YOY performance analysis



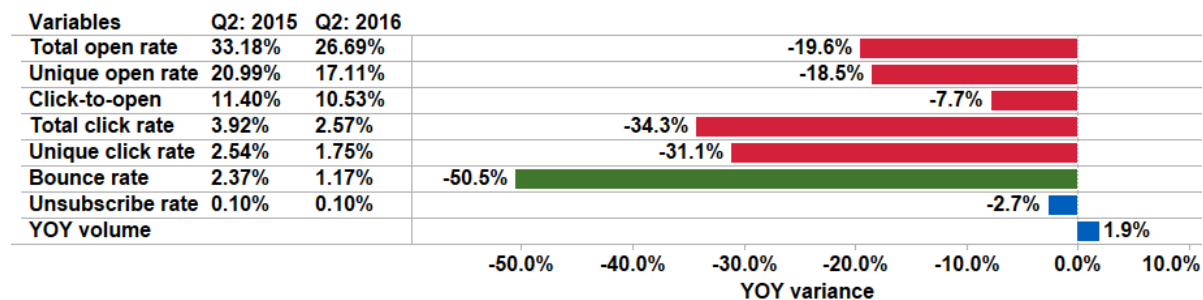
- Unique open and click rates were lower YOY for apparel and accessories, home and luxury products, while the average order value for each of these verticals increased.
- Transaction rates and revenue per email matched those seen in Q2 2015.

Publishers: Q2 YOY performance analysis



- Click rates for publishers are directly linked to the content of the articles presented. In this season of heightened political, social and economic news, YOY click rates for publishers rose substantially.

Travel: Q2 YOY performance analysis



- While open and click rates had YOY declines for travel, the results were mixed, as 30 percent of travel brands had significant increases in open rates and 38 percent had a significant increase in click rates.



Tips for Fall



September is still a good month for back-to-school mailings, as new school requirements and fashion peer pressure provide continued interest in purchases. In 2015, 8 percent of back-to-school mailings were sent in September, where they generated 15.5 percent of back-to-school transactions.



Start Halloween mailings early in the fall. In 2015, 9 percent of Halloween mailings were sent in September, and they received 15.7 percent of Halloween transactions and revenue.



Fun fact: For the past 2 years, subject lines with the word 'Ghost' had the highest unique open rates for Halloween mailings.

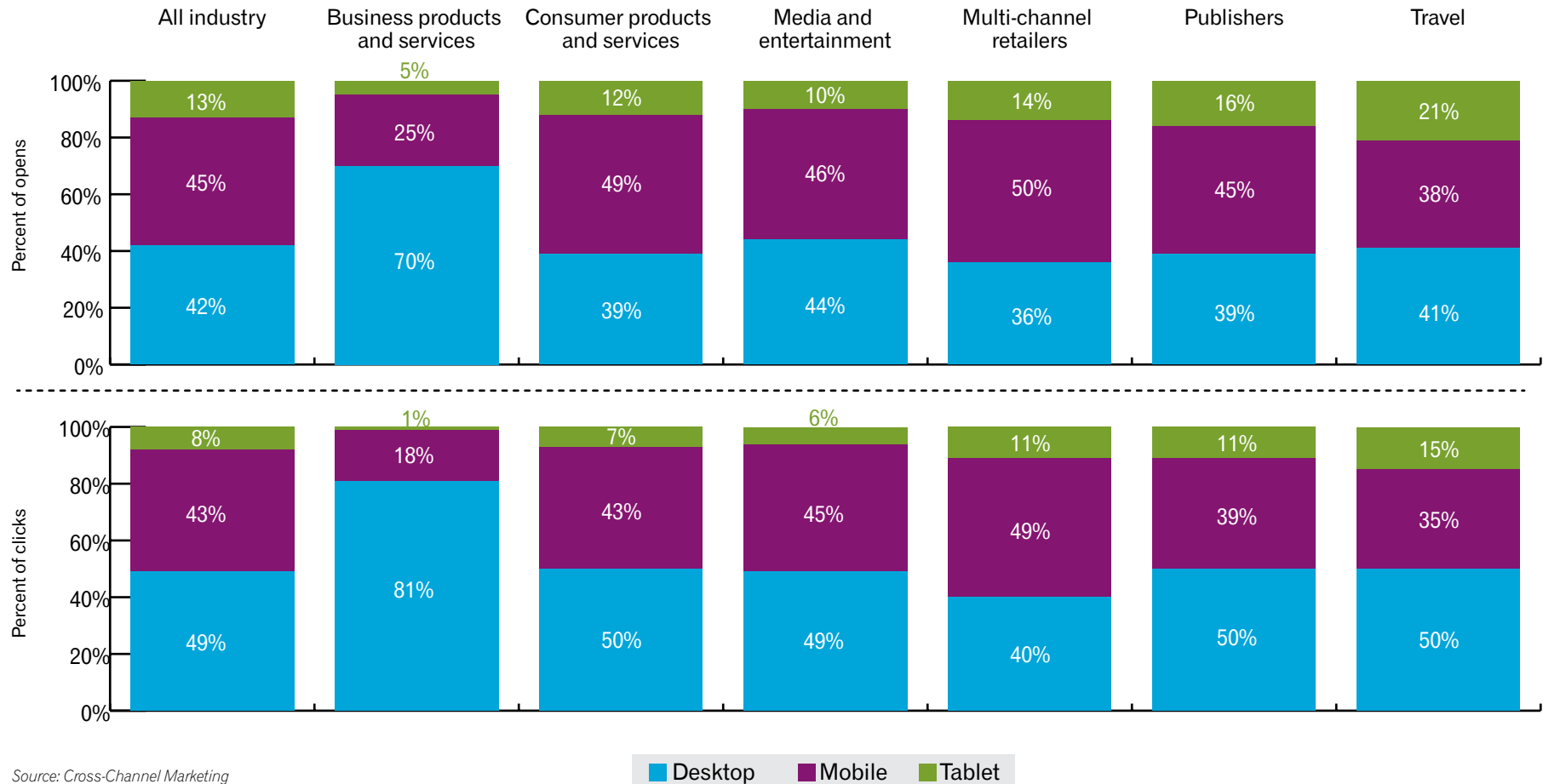
Methodology

Cross-Channel Marketing's quarterly benchmarks are based on the analysis of major email marketing trends and key performance indicators across six major verticals: business products and services, consumer products and services, media and entertainment, multi-channel retailers, publishers and travel. Data analyzed in these benchmark reports are from client brands within the United States and Canada that have opted to participate in the study. All metrics, including the historical benchmarks, reflect average performance at 7 days after the emails were sent.



Mobile trends

Email opens and clicks by platform (Q2 2016)

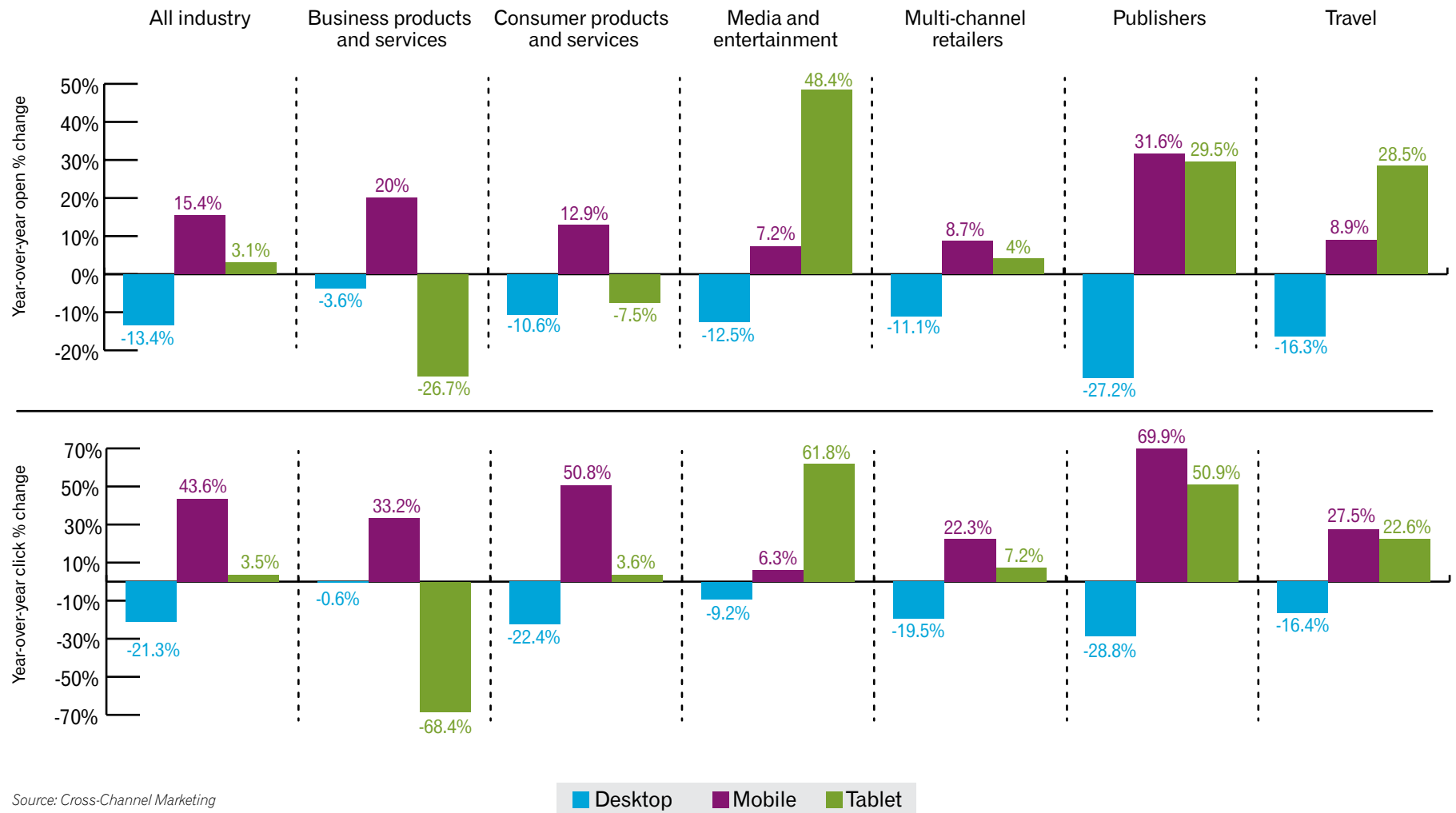


Source: Cross-Channel Marketing

- Fifty-eight percent of total email opens occurred on mobile phones or tablets in Q2 2016, a 14 percent increase from 51 percent in Q2 2015.
- The majority of email opens occurred on mobile phones or tablets for all industries except business products and services.
- At least half of total clicks occurred on mobile phones or tablets for all industries except business products and services.



Year-over-year change in opens and clicks by platform



Source: Cross-Channel Marketing

- All industries saw year-over-year increases in opens and clicks on mobile phones.
- The percentage of clicks received on tablets increased for all industries except business product and services.



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/received). This metric only includes data for clients who have implemented Experian Marketing Services' Track to Purchase functionality

Transaction-to-click rates: 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/received)

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

Unsubscribe rates: The total percentage of subscribers lost as a result of users unsubscribing from the mailing (unique unsubscribers/received)



About Cross-Channel Marketing

Cross-Channel Marketing is a global leader in leveraging customer data to empower insight-driven marketing through unrivaled data management, a real-time communication engine, powerful analytics, and the industry's highest-rated client services team.

Experian has been dedicated to harnessing the power of data to create opportunities for both businesses and consumers alike for over thirty years. With significant presence in the world's largest economies and a portfolio including many of today's most well-known and respected global brands, we provide enterprises with unique competitive advantages through marketing services and advanced technology. Cross-Channel Marketing is a global company that operates in 17 countries, with headquarters in New York City.

For more information, please visit www.experian.com/marketingservices or give us a call at 1 844 747 1667.

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