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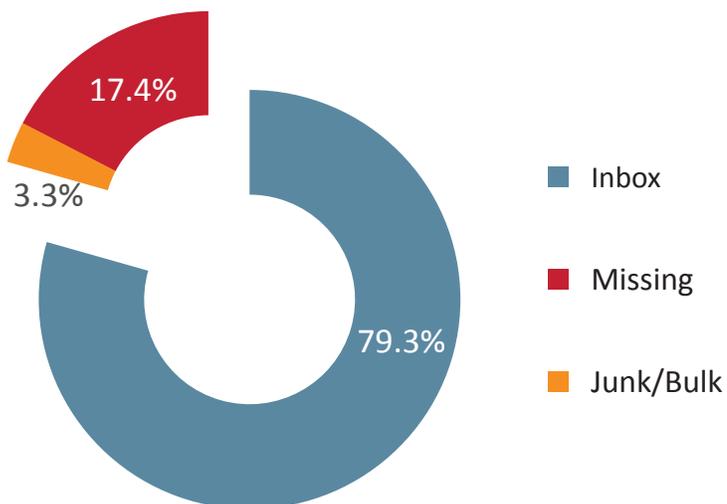
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The Email Deliverability Benchmark Report, 1H 2009

Deliverability Failures Continue to Plague Marketers with more than 20% of Email Not Delivered to the Inboxes in the United States and Canada

In the six years since the email industry first became aware of deliverability failures, inbox placement averages have not improved significantly. For the first half of 2009 (January through June) we found that the average inbox placement rate for permissioned, commercial email in the US and Canada was 79.3%. Of the nearly 21% of email that is not delivered to the inbox just 3.3% is sent to a “junk” or “bulk” email folder and 17.4% is not delivered at all.

How Much Email Doesn't Make It To The Inbox?

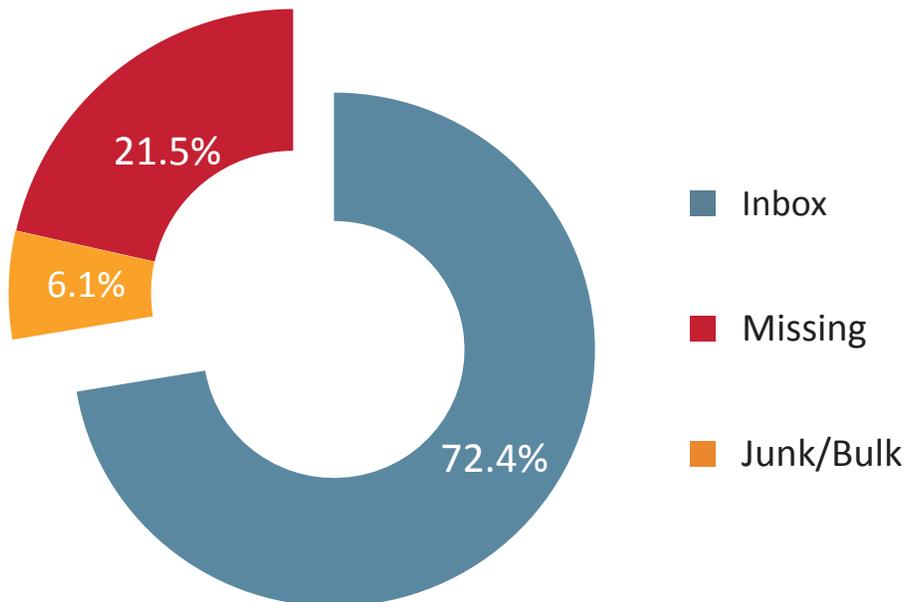


The US is actually doing slightly better than Canada, with inbox placement rates averaging 82%. Canadian ISPs have the higher thresholds for delivery with just 75% of their email, on average, being delivered to the inbox.

Business Inboxes Even Tougher to Reach

Our report also found that reaching business addresses, which are protected by systems like Postini, Symantec and MessageLabs, is even more difficult than top consumer email providers. On average, only 72.4% of commercial email is delivered to the inbox through these enterprise systems. These systems are more likely to deliver messages to a junk folder as compared to consumer ISPs that are more likely to block email altogether.

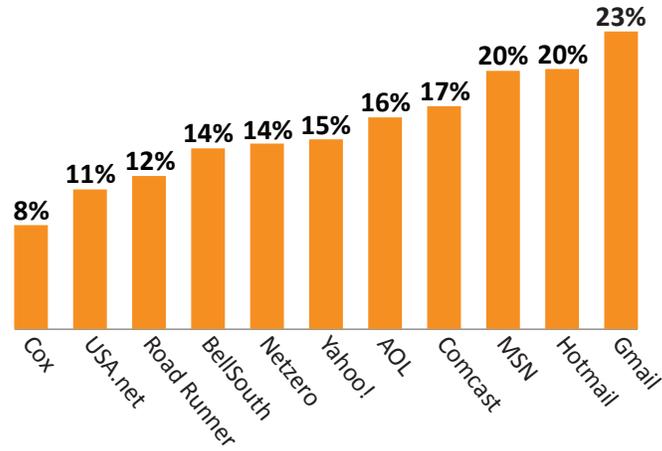
How Much B2B Email Doesn't Make It To The Inbox?



Deliverability Rates Vary by ISP

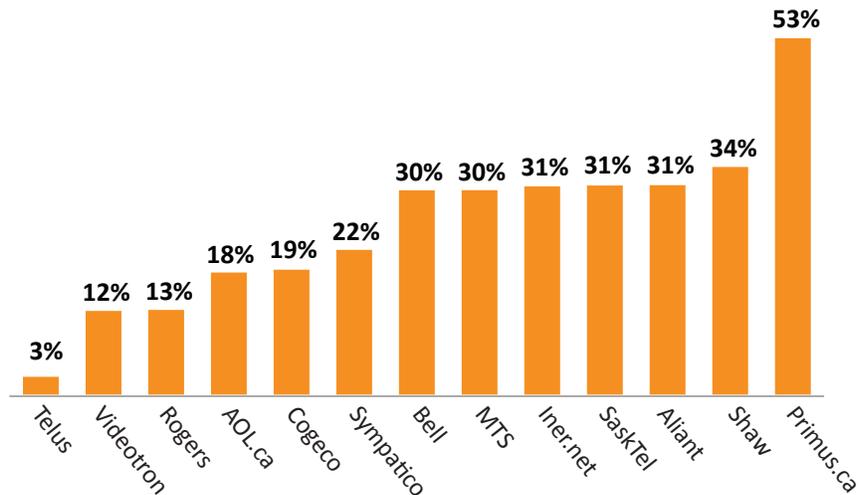
Our study also found that the rates of inbox placement can vary quite a bit across Internet Service Providers. This is not surprising. Inbox placement is based on sender reputation and other factors. Each ISP has a unique recipe for determining what is appropriate for inbox placement, much of which is based on feedback they get from their customers. Understanding deliverability at this granular level is important for marketers who want to optimize their email marketing efforts.

Non-delivery Rates by ISP (US)



In the United States, of the top ISPs, the toughest inboxes to reach are those at MSN, Hotmail and Gmail. Marketers fare slightly better at Cox, USA.net and Time Warner Cable/Road Runner.

Non-delivery Rates by ISP (Canada)



In Canada we see very high deliverability failure rates at Primus, which employs Postini filtering, one reason for overall lower deliverability rates in Canada. Canada's inbox delivery rates are also lower because of more stringent opt-in standards. This can be a penalty to marketers mailing from the US where the permission standards are less strict.

Why is deliverability still a crisis for top-tier marketers?

The Bounce Rate Myth: Marketers are generally given reports month after month that show a “delivered” metric that tends to be about 95% to 98%. But in most cases this metric is actually the bounce rate. The system is reporting the number of messages sent through the pipe and subtracting the number that return a hard bounce. Top-tier marketers keep very clean lists and the system itself is set up to clean out those hard bounces quickly (usually before the next send).

Revenue Masks a Lot of Sins: Email generates a lot of revenue. So, while deliverability failures cost businesses money, this can be masked by the revenue generated by every campaign that goes out the door.

Change is Hard: Many marketers are still resistant to implementing the best practices that make email deliverability more likely and more consistent. We still see programs with high frequency, low value and lack of segmentation. Research done by the Return Path Professional Services team in the last 18 months shows high percentages of top brands missing basic best practices like welcome messages, efficient opt-out procedures and appropriate permission levels.

Conclusion: Knowledge is Power

It's easy to believe that deliverability failures must be happening to someone else. But what you don't know about your deliverability leaves your business vulnerable and decreases the amount of revenue you could be generating from the email channel. *What's a smart marketer to do?*

- 1. Get the data you need.** Know where your email goes and why. Don't believe the bounce myth – that whatever gets sent and doesn't bounce must be reaching the inbox. Gaining access to relevant deliverability data is crucial for marketers to be able to make accurate decisions about their program's effectiveness. This report is based on the Return Path Mailbox Monitor system which seeds the databases of our clients with known good email addresses. We then monitor whether or not email sent to those addresses is delivered. These reports often show a wide disparity between the delivered metric shown on the client's standard response report and the actual number of messages that arrive in the inbox.
- 2. Take deliverability failures seriously.** Deliverability failures cost businesses a lot of money. There is significant lost revenue from email that does not get delivered to the inbox. Consumer research consistently shows that people do not check their bulk or junk folders for marketing messages. And even if they do, most of the non-delivered mail isn't there – it's completely missing. Email that consumers don't have access to will not generate a response.
- 3. Don't use revenue or response as a proxy for deliverability.** Assuming that a program that generates revenue or gets good response must be delivered to all the inboxes that matter is a mistake. Think about how much money you may be leaving on the table if a significant chunk of your list isn't seeing the messages you send.
- 4. Don't accept deliverability failures as inevitable or unfixable.** The good news is that we have clients who are able to maintain consistently high deliverability rates across all ISPs. Remember: 80% is the average. So while that means there are companies at 60% it also means that there are companies at 100%.
- 5. Take responsibility for where your email lands.** While your IT team or email service provider can be important partners, you are responsible for the deliverability of your email. Most of the major drivers of poor deliverability rates are the direct result of marketing practices, not technical ones. These include complaints, which spike when email is unexpected or undervalued by the recipient and spam traps, which are most often found on lists that are old or have been built with poorly sourced data.

Methodology

Return Path conducted this study by monitoring data from its Mailbox Monitor service for campaigns conducted from January to June 2009. This study tracks the delivery, blocking and filtering rates for more than 500,000 campaigns that used the Mailbox Monitor seed list system. For each campaign, Return Path recorded whether the email was missing, received in the inbox or filtered to the junk/spam folder (for those ISPs that use such a folder). For this report Return Path reviewed data from 45 ISPs in the United States and Canada.

About Return Path

Founded in 1999, Return Path helps commercial email senders get more email delivered to the inbox. Our tools and services give senders the insight and resources to diagnose and prevent email deliverability and rendering failures by improving and maintaining their email sending reputations. Our Professional Services division then helps our clients improve ROI and response by creating consistent and compelling subscriber experiences across the email customer lifecycle. Return Path runs the internet's most widely used third-party whitelist, the Return Path Certification Program. Return Path also invented the Sender Score, an email reputation measure based on data contributed by ISPs and other receivers of large volume email into the Return Path Reputation Network. We offer free access to our Sender Score to any sender, receiver or consumer of email at our reputation portal: www.senderscore.org. Information about Return Path can be found at www.returnpath.net.