

Email Marketing Trends in Canada 2011

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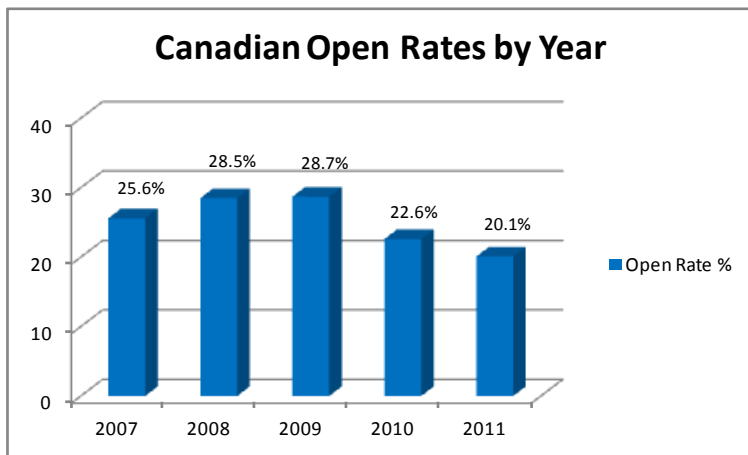
An Inbox Marketer Whitepaper



The following is a commentary on the state of email metrics in Canada. Using clickstream data from Canadian clients as well as U.S. clients (where indicated), Inbox Marketer tabulated the engagement metrics below to uncover the latest trends in email marketing.

Trends in Canadian Open Rates

Open Rates (OR) simply indicate that recipients have viewed an email message in their inbox. A message must be opened (with images on) for it to have a chance at being read. The calculation for open rates is $OR \% = (\text{confirmed unique opens}) / (\text{sent messages} - \text{bounces})$. In 2011, the average email open rate in Canada continued a downward trend, mirroring a similar trend in the United States.



Source: Inbox Marketer, "Email Marketing Trends in Canada", 2011

Inbox Marketer's own trend data indicates that, in Canada, open rates (for B2B and B2C email programs combined) increased between 2007 and 2009, but have declined since 2009. Back in 2007, recipients read their email messages on a computer when there were fewer major email clients. Since 2009, there has been an exponential growth in other web enabled devices. These new devices (smartphones and tablets) render images differently.

Image blocking is the largest cause of declining open rates because there is an increasing probability that more images are not being displayed in emails. According to research conducted by Marketing Sherpa, 43% of consumer

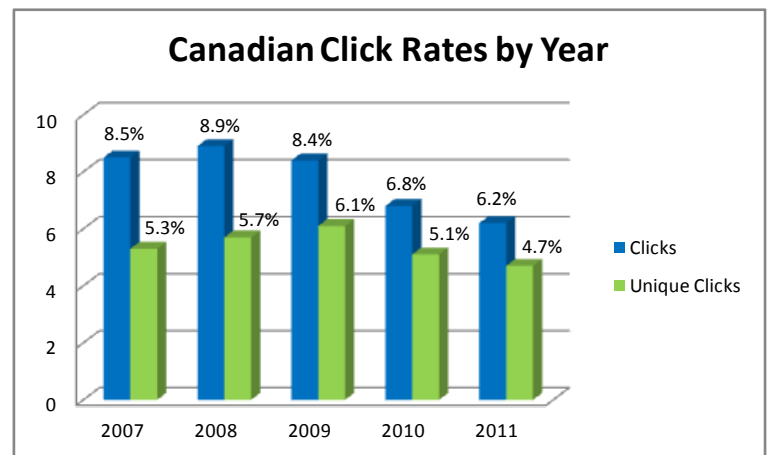
Summary Findings:

- Open rates averaged 20.1% in 2011, a decrease of 2.5% from 2010.
- Click-thru rates remained healthy at 6.2%.
- Unique click-thru rates declined slightly from 5.1% in 2010 to average out at 4.7%.
- Bounce rates dropped by 1.2% from 2010 to 1.3%, which is consistent with the downward trend in recent years.

recipients have images turned off, an increase from 29% two years previously (a 14% incremental increase). Many of the most popular email clients have images off (as their default setting) and therefore open tracking is not activated. This is compounded as many of the new mobile versions of the email clients (e.g. gmail mobile) strip images. If images are blocked then a message is not recorded as an open.

Canadian Click-Thru Rate Trends

Click-Thru Rates (CTR) indicate the relevancy of email content and are an excellent measure of engagement. Overall, Canadian CTRs are healthy at 6%. Comparing CTR benchmarks can be difficult because, according to Marketing Sherpa, only 39% of U.S. emailers use the correct methodology for calculating CTR (total clicks/total delivered).



Source: Inbox Marketer, "Email Marketing Trends in Canada", 2011

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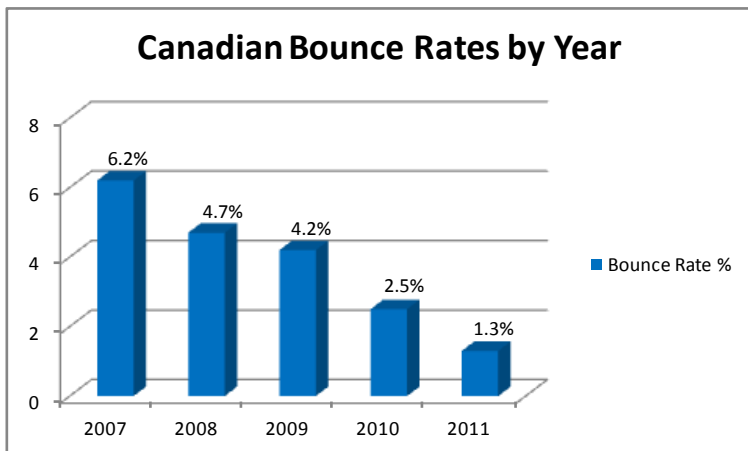


Canadian click-thru rates (for B2B and B2C email programs combined) for 2011 declined slightly, continuing the downward trend from 2009. Total Clicks are declining at a greater rate than Unique Clicks (the first click) indicating that contacts are less inclined to explore the web site after retrieving the desired information.

The declining trend in average CTR could be the result of a contact frequency that is too high and/or subscriber fatigue. If recipients continue to see the same content time and time again, they are less likely to click. Many email marketers, however, are still focused on offering traditional, static content (such as articles) in their messages, rather than engaging recipients through more participatory content that is representative in the social media realm (such as polls, surveys, requests for feedback, links to video, invitations to social media conversations and more). Email leaders, on the other hand, use dynamic content techniques to deliver relevant information and offers matched to an individual subscriber.

Canadian Bounce Rates

The good news is that Canadian bounce rates (for B2B and B2C email programs combined) in 2011 are continuing the decline established in recent years. In fact, the bounce rate has decreased by two thirds since 2007 indicating that lists are getting better.



Source: Inbox Marketer, "Email Marketing Trends in Canada", 2011

The drop in bounce rates could indicate email marketers are taking a more diligent approach to list hygiene, as well as implementing best practice techniques, such as the "double opt in," which confirms subscribers' email addresses and ensures that they really want to receive information from a particular company or brand. Additionally, to ensure "Deliverability", many email marketers are working closely with ISPs to satisfy that they are in fact delivering permitted emails and not SPAM.

Trends in Email Marketing

Email deliverability is one of the most important factors in sustaining good campaign metrics. Messages need to get delivered directly to their intended address. According to the Return Path tracking system, the Inbox Placement Rate (IPR) has historically averaged 80%, with the remaining 20% being categorized as "Junk" or "Missing". In Q3 of 2011, the IPR rate has improved slightly to 83%. However, leading email service providers have IPRs significantly above 85% and in choosing an email service provider one needs to examine their IPR. Remember, Delivered and Deliverability are two different things. The Delivered Rate is the percentage of messages that were accepted and not bounced by the ISP, while the Deliverability Rate is the percentage of messages that actually made it to the inbox. In other words, messages you think were "Delivered" could have been actually delivered to the "Junk" or "Missing" folders by an ISP!

Email marketing also continues to grow in popularity with marketers because it is a consistent performer. According to the Direct Marketing Association (DMA), email marketing is poised to grow 10% in 2012. In some verticals, such as the financial sector, email marketing expenditures exceed spend on direct mail and telemarketing. Email has become a core messaging and relationship building tool. Given its digital characteristics, email marketing is highly cost efficient and profitable. In fact, email marketing has the highest ROI ratios of all direct marketing vehicles. On average, email generates \$39 of revenue for every \$1 dollar invested versus an advertising ROI of \$9:\$1. (Power of Direct Marketing, DMA 2011-2012 edition).

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Inbox Marketer

Inbox Marketer is a digital direct messaging company that helps organizations use email, mobile, social media and the web to build engaged online communities of customers and prospects.

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